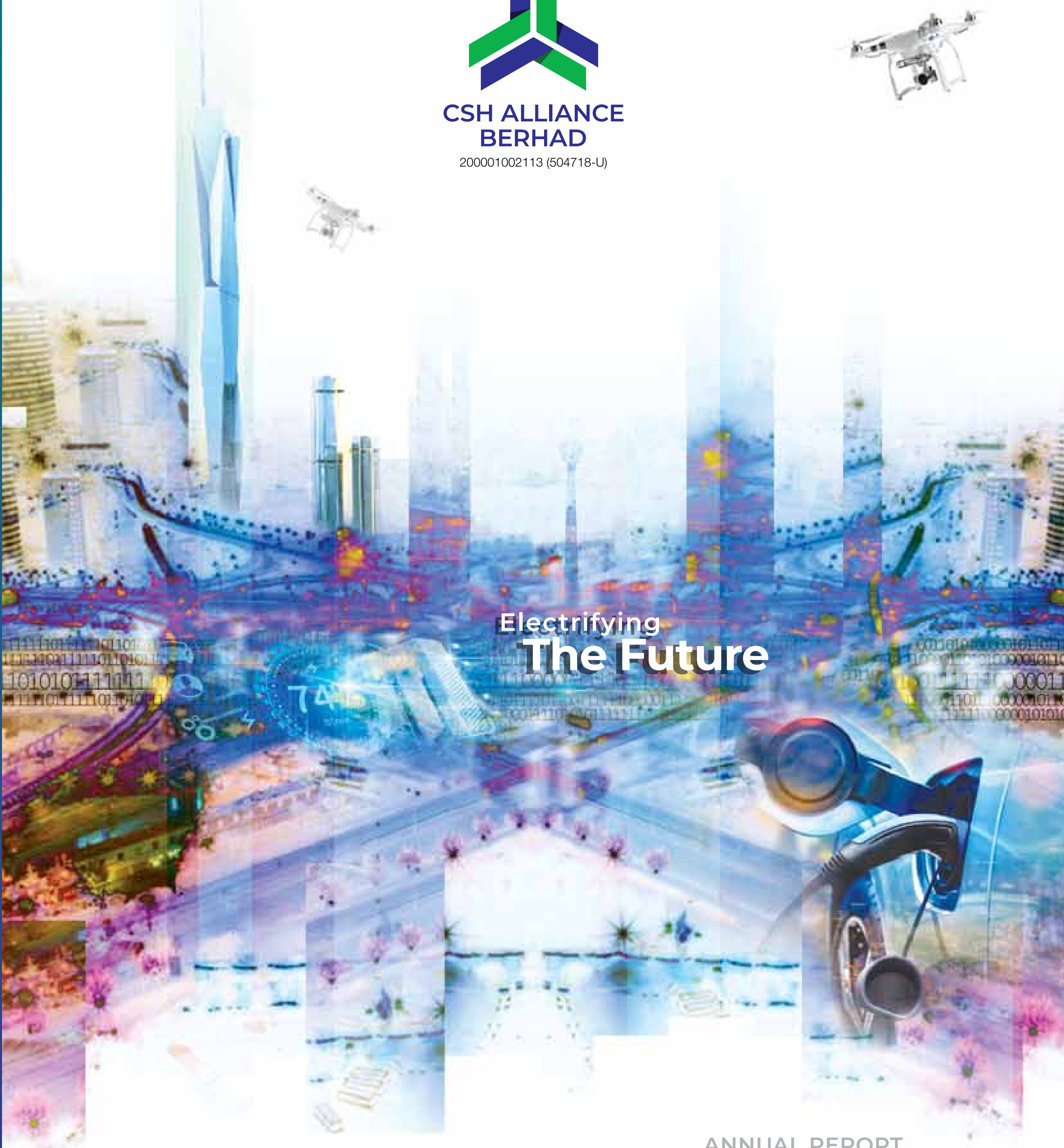
CSH ALLIANCE BERHAD
200001002113 (504718-U)



Electrifying The Future

ANNUAL REPORT
2022

CSH ALLIANCE BERHAD
200001002113 (504718-U)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

AHMAD RUSLAN ZAHARI BIN ZAKARIA
Independent Non-Executive Chairman

LIM PENG TONG
Independent Non-Executive Director

NG KEOK CHAI
Independent Non-Executive Director

SIM CHIUN WEE
Executive Director

TAN YIP JIUN
Executive Director

PETER YAP
Executive Director

KENNY KHOW CHUAN WAH
Executive Director

CHONG KOON MENG
Executive Director
(Appointed w.e.f. 07.02.2022)

AUDIT COMMITTEE

Chairman
Lim Peng Tong

Members
Ahmad Ruslan Zahari Bin Zakaria
Ng Keok Chai

NOMINATION COMMITTEE

Chairman
Ng Keok Chai

Members
Ahmad Ruslan Zahari Bin Zakaria
Lim Peng Tong

REMUNERATION COMMITTEE

Chairman
Ng Keok Chai

Members
Ahmad Ruslan Zahari Bin Zakaria
Lim Peng Tong

RISK MANAGEMENT COMMITTEE

Chairman
Lim Peng Tong

Members
Ng Keok Chai
Kenny Khow Chuan Wah

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No. 201908002648)

Yeow Sze Min
(MAICSA 7065735)
(SSM PC No. 201908003120)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No. : (+603) 2084 9000
Fax No. :(+603) 2094 9940

CORPORATE HEAD OFFICE

Level 2, No 3, Jalan TP 2
Taman Perindustrian UEP
47600 Subang Jaya
Selangor Darul Ehsan
Tel No. : (+603) 7890 3535
Fax No. :(+603) 8011 7697

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber
Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : (+603) 2692 4271
Fax No. : (+603) 2732 5388/
(+603) 2732 5399

AUDITORS

Folks DFK & Co. (AF 0502)
Chartered Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel No. : (+603) 2273 2688
Fax No. : (+603) 2274 2688

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad

STOCK CODE

7165

STOCK NAME

CSH

WEBSITE

https://www.cshalliance.com.my

CORPORATE STRUCTURE

CSH ALLIANCE BERHAD
200001002113 (504718-U)

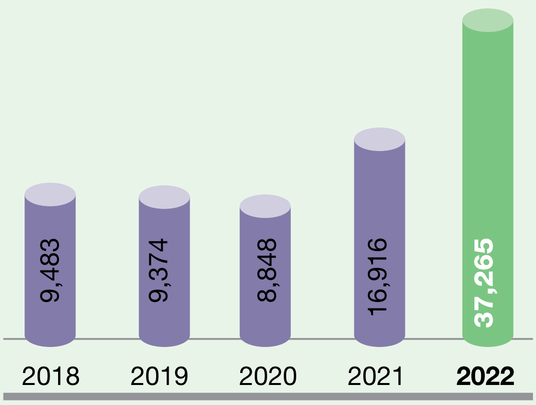
Subsidiary	Interest
Alliance EV Sdn. Bhd.	100%
APPI Sdn. Bhd.	100%
Asian Earthernware Sdn. Bhd.	100%
Asian Porcelain Sdn. Bhd.	100%
Asian Pottery (Penang) Sdn. Bhd.	100%
Asian Pottery Home & Garden Sdn. Bhd.	100%
Asian Pottery Manufacturers Sdn. Bhd.	100%
Metro Craft Sdn. Bhd.	100%
Asiarise Holdings Sdn. Bhd.	100%
Bio Beacon Supply Sdn. Bhd.	100%
CSH Network Capital Sdn. Bhd.	100%
CSH Priority Sdn. Bhd	100%
CSH Solutions Sdn. Bhd.	100%
Instant Initiative Sdn. Bhd.	100%
KTG Marine (M) Sdn. Bhd.	100%
Line Haul Sdn. Bhd.	100%
Million Rich Development Sdn. Bhd.	100%
Omnipack Sdn. Bhd.	80%
Oriwina Sdn. Bhd.	100%
Profit Sunland Sdn. Bhd.	100%
Sunmark Point Sdn. Bhd.	100%
Titanium Hallmark Sdn. Bhd.	100%

5-YEAR FINANCIAL HIGHLIGHTS

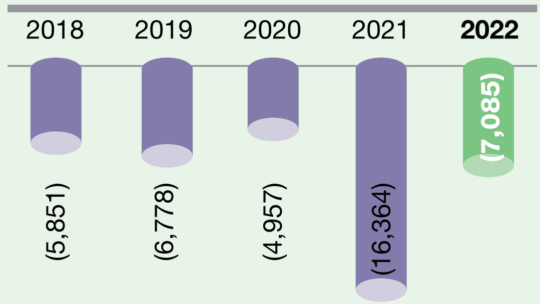
		2018	2019	2020	2021	2022
RESULTS OF OPERATION						
Revenue	RM'000	9,483	9,374	8,848	16,916	**37,265**
LBITDA (Loss Before Interest, Taxes, Depreciation and Amortisation)	RM'000	(4,923)	(5,348)	(4,083)	(13,606)	**(2,882)**
Loss Before Taxation	RM'000	(5,851)	(6,778)	(4,957)	(16,364)	**(7,085)**
Loss After Taxation	RM'000	(5,690)	(6,797)	(5,024)	(16,637)	**(8,040)**
Net Loss Attributable To Equity Holders	RM'000	(5,690)	(6,797)	(5,024)	(16,637)	**(8,040)**
FINANCIAL POSITION						
Total Assets	RM'000	108,091	120,118	122,617	321,926	**418,649**
Total Borrowings	RM'000	298	163	73	2,735	**185**
Shareholders' Equity	RM'000	102,313	104,140	109,372	310,574	**406,140**
FINANCIAL INDICATORS						
Return On Equity	%	(5.6)	(6.5)	(4.6)	(5.4)	**(2.0)**
Return On Total Assets	%	(5.3)	(5.7)	(4.1)	(5.2)	**(1.9)**
Gearing Ratio	times	343.3	638.9	1,498.2	113.6	**2,198.6**
Interest Cover	times	(298.4)	(26.8)	(683.0)	(234.3)	**(112.7)**
Basic Loss Per Share	sen	(3.01)	(3.39)	(2.18)	(4.42)	**(0.81)**
Net Assets Per Share	sen	54.13	51.97	47.44	82.50	**40.73**
Share Price As At The Financial Year End	sen	75.00	64.50	21.00	16.00	**9.00**

5-year financial highlights (Cont'd)

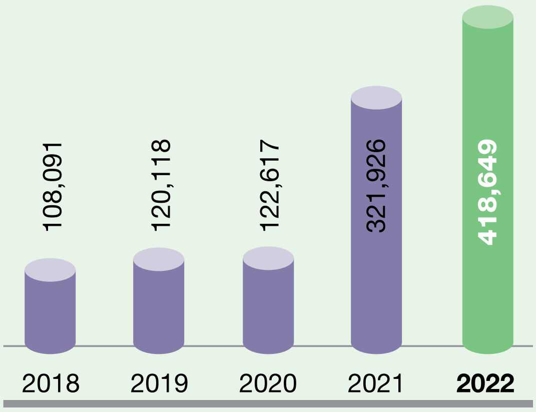
REVENUE
(RM'000)



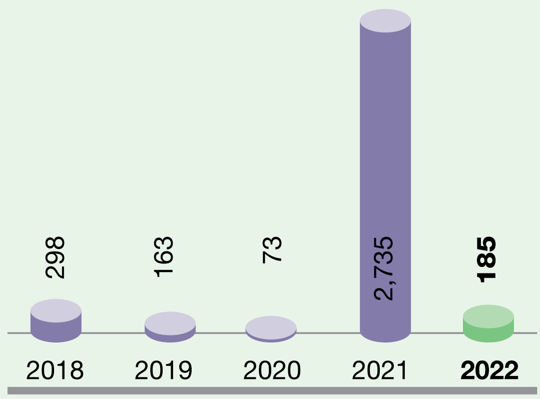
LOSS BEFORE TAXATION
(RM'000)



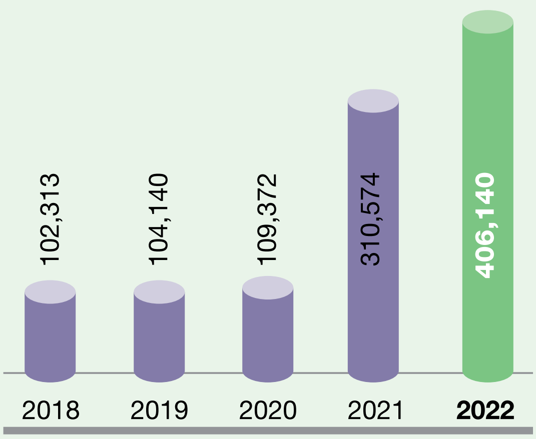
TOTAL ASSETS
(RM'000)



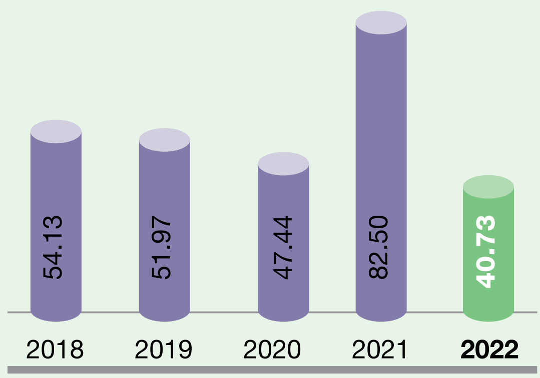
TOTAL BORROWINGS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



NET ASSETS PER SHARE
(SEN)



BOARD OF DIRECTORS' PROFILE

AHMAD RUSLAN ZAHARI BIN ZAKARIA

Independent Non-Executive Chairman

61
age

gender

Member of Audit Committee

Member of Nomination Committee

Member of Remuneration Committee

En. Ahmad Ruslan Zahari Bin Zakaria ("**Encik Ahmad Ruslan**") was appointed to the Board on 19 May 2014 as an Independent Non-Executive Director and was re-designated as Independent Non-Executive Chairman of the Company on 11 November 2020. Presently, he is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated from the University of Newcastle-upon-Tyne, England, in the year 1984 with a Bachelor of Arts in Economic Studies (Accounting & Financial Analysis). He was trained as a Chartered Accountant at a firm in London after graduation and in the year 1986, he joined Merchants Business Growth Consulting, a pan European marketing consulting company, as its Group Financial Controller.

Encik Ahmad Ruslan left Europe in the year 1993 and joined CIMB Investment Bank Berhad in the Corporate Finance Department. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange as ASEAN Regional Director/Managing Director of Malaysian operations.

In 2005, Encik Ahmad Ruslan was appointed as the Chief Executive Officer ("**CEO**") of Terengganu Incorporated, a strategic investment holding company for the Terengganu state. From the year 2008 to the year 2018, he was the CEO of Armstrong Marine & Offshore Sdn. Bhd., the official representative of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance, and project development. From the year 2010 to the year 2018, he was concurrently the CEO of Sungai Temau Mining (M) Sdn. Bhd., an iron ore mining company. Presently, he is the Founder and Principal of Connoisseur Consult Sdn. Bhd.

Encik Ahmad Ruslan currently sits on the Board of Minetech Resources Berhad as an Independent Non-Executive Director.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Encik Ahmad Ruslan does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

NG KEOK CHAI

Independent Non-Executive Director

63
age

gender

Chairman of Nomination Committee

Chairman of Remuneration Committee

Member of Audit Committee

Member of Risk Management Committee

Mr. Ng Keok Chai ("**Mr. Ng**") was appointed to the Board as an Independent Non-Executive Director on 2 August 2019. He was re-designated as the Chairman of the Nomination Committee and Remuneration Committee on 29 September 2021 and is also a member of the Audit Committee and Risk Management Committee.

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

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

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

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

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

Currently, Mr. Ng is an Independent Non-Executive Director of Hong Seng Consolidated Berhad; an Independent Non-Executive Director of Ingeniuer Gudang Berhad (formerly known as Dynaciate Group Berhad); an Independent Non-Executive Director of Green Packet Berhad; and Executive Chairman of Caely Holdings Berhad.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. Ng does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offense, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

LIM PENG TONG

Independent Non-Executive Director

64
age

gender

Chairman of Audit Committee
Chairman of Risk Management Committee
Member of Nomination Committee
Member of Remuneration Committee

Mr. Lim Peng Tong ("**Mr. Lim**") was appointed to the Board on 18 January 2018 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee.

Mr. Lim is an established banker with extensive experience in the financial and banking industry. He has served a long career path of thirty-eight (38) years with Malayan Banking Berhad, with his last position as Regional Head of Business Banking covering the Northern Region of Penang/Kedah/Perlis. He rose from the ranks starting as a clerk in 1979 and had held supervisory and leadership roles in various capacities ranging from operations and credit management during his long and successful banking career. As Regional Head of Business Banking, he was responsible for the strategic planning to grow the commercial businesses, especially in commercial and corporate lending activities involving marketing, credit processes, business development, relationship management, and most importantly, ensuring asset quality for the Bank. Mr. Lim has also served in various states in the country, from Melaka, Johor, Kuala Lumpur to the northern region of Penang, Kedah, and Perlis, which gave him an advantage of a wide network and connection to many of the businessmen in the region.

Mr. Lim graduated as a Diploma holder in Banking and Financial Services in 1997 with Institute Bank-Bank Malaysia (**"IBBM"**) while pursuing his career in the banking industry. Mr. Lim is a certified credit practitioner and has held the Certified Credit Professional qualification since 2002. He is an Associate member with IBBM, now known as the Asian Institute of Chartered Bankers.

Mr. Lim currently sits on the Board of Ingeniuer Gudang Berhad (formerly known as Dynaciate Group Berhad) as an Independent Non-Executive Director.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

SIM CHIUN WEE

Executive Director

46
age

gender

Mr. Sim Chiun Wee ("**Mr. Sim**") was appointed to the Board on 30 April 2020 as an Executive Director.

Mr. Sim is the founder and Chief Executive Officer of Top Three Development Resources, a real estate consultation company established since the year 2014 which is specialising in management and investment advisory services. Its clientele includes those of property development, food and beverages, and non-governmental organisations (**"NGOs"**). One of the more notable clients was Bina Puri Holdings Berhad. He served as their Sarawak advisor to the company from the year 2014 to the year 2016, mainly in managing the bilateral relationship and strategic partnership with China.

Mr. Sim completed his Mass Communication degree majoring in International Journalism from Xiamen University, China in 1999. Prior to founding his own business, he was appointed as the Deputy Principal of Chung Hua Middle School No. 1 in Kuching, Sarawak, in the year 2006, assisting the Principal in the overall management of the school.

Mr. Sim has engaged in various business ventures and partnerships during his younger days. With his acute business senses and innovative entrepreneur skills, he has held numerous management roles in several private entities encompassing various industries ranging from property development, product manufacturing, migration services, food and beverages, as well as organisational management and investment advisory.

Mr. Sim is also the current President of the Malaysia-China Silk Road Entrepreneurs Association and The Alumni Association of Xiamen University in Malaysia. He is also the Honorary President for the Young Malaysians Movement (Y.M.M), a 5 Stars youth NGO rated and acknowledged by the Ministry of Youth & Sports when he held office as the National President from the year 2013 to the year 2015. Mr. Sim was also awarded the "Sarawak Most Outstanding Youth" award in the year 2013 by the state government for his outstanding contribution and exemplary leadership towards volunteerism and charity. He was later invited by the Chinese government to visit the Great Hall of the People in Beijing where he was received by Premier Li Keqiang.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. Sim does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

TAN YIP JIUN

Executive Director

31
age

gender

Mr. Tan Yip Jiun ("**Mr. YJ**") was appointed to the Board on 16 March 2021 as an Executive Director.

Upon completing his studies at the Bukit Jalil Sports School and SMK Gunung Rapat, Mr. YJ started his career in the logistic sector as an Operation Officer based in Klang under ChipSeng Heng Enterprise Sdn. Bhd. (**"ChipSeng Heng"**) since the year 2015. He was involved in the operation management aspect of ChipSeng Heng, which handled third-party logistics services and a total of twenty (20) units of cargo and tanker lorries, the daily delivery fulfilment based on customer requirement, and the overall fleet management.

Within a year, he was promoted to the Operation Cum Safety Officer, whereby he was responsible for implementing safety management and ensuring all workers complied with the safety rules in the working area, the monthly incoming vessel by providing custom clearance services, stock transfer from the vessel to yard, weighbridge monitoring, stockpile management, daily monitoring on loading progress and delivery to ensure the raw material in customer plant never below safety level and the monthly delivery forecast by communicating closely with receiving party.

In 2018, Mr. YJ was transferred to the headquarters (**"HQ"**) of ChipSeng Heng, which was based in Ipoh as their General Manager (**"GM"**). He was tasked to oversee all departments, including operation, fleet, workshop, safety, accounts, and human resources for the HQ and branch with a total of one hundred and eighty (180) units of fleets and two hundred and twenty (220) manpower. During his tenure as the GM, he provided marketing and sales strategies, improved ChipSeng Heng's internal management to be more systematic, implemented ISO 39001 Road Traffic Safety Management, changed the internal structure, and implemented recruitment targeting at the younger generation.

Currently, he is the Executive Director of ChipSeng Heng and is working to strengthen ChipSeng Heng's position by minimising cost by providing vehicle training to drivers for better understanding on taking care of their fleet, implementing driver management system (merit and demerit), restructuring workshop inventories control by having a proper racking and bar code system, implementing lorry maintenance system to reduce downtime, maximise revenue by re-routing trucks operation, increase return goods volume, encourage operation officer always perform at their best by implementing key performance indicator, provide expansion strategy and financial planning for Managing Director to make a clearer decision for the ChipSeng Heng's growth strategies.

Besides that, he also serves as a Director in several companies involved in the transportation, raw materials for construction, and information technology sectors. As the Director of these companies, he plays an instrumental role in the business development and overall business direction.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. YJ does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. YJ is the son of Mr. Tan Yow Hua, who is a major shareholder of the Company. Save as disclosed, he does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

PETER YAP

Executive Director

59
age

gender

Mr. Peter Yap ("**Mr. Peter**") was appointed to the Board on 5 May 2021 as an Executive Director.

Mr. Peter started his career upon completing his high school education as a sales consultant with Tan Chong Group. In 1988, he started his own used trucks business and grew the business substantially to four (4) branches nationwide, where he eventually sold the business.

Subsequently, he co-founded Okuan Otomobil Sdn. Bhd., which was initially involved in a used commercial vehicle dealership and extended its business to include a new commercial vehicle with the appointment of HINO dealership in the year 2000 and Volkswagen dealership in the year 2010.

Currently, he is a Director of Edaran Riz Sdn. Bhd. and Auto Raya Timur Sdn. Bhd., which are involved in the sales, service, and spare parts of the prominent vehicle brand names located in Pahang. As the Director of these companies, he is responsible for leading the companies' overall business direction, business development, and day-to-day operations, managing more than eighty (80) staff.

He has more than forty (40) years of experience in the automotive industry, with his expertise primarily in the sales and distribution of heavy commercial type vehicles. He was also the key person who has helped and acted as a consultant to many automotive companies in setting up, managing, and developing their businesses. For instance, he assisted in the research and development of the Hanvan Brand of XCMG Heavy Commercial Vehicles from China.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. Peter does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

KENNY KHOW CHUAN WAH

Executive Director

Member of Risk Management Committee

Mr. Kenny Khow Chuan Wah ("**Mr. Kenny**") was appointed to the Board on 21 May 2021 as an Executive Director. He was appointed as a member of the Risk Management Committee on 25 October 2021.

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

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

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

His other work experience includes financial due diligence, advisory, and numerous cross-border securities offering. He also sits on the Board of Directors of MMAG Holdings Berhad, Green Packet Berhad and Caely Holdings Berhad as an Executive Director.

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

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. Kenny does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

CHONG KOON MENG

Executive Director

56
age

gender

Mr. Chong Koon Meng ("**Mr. Jeff**") was appointed to the Board on 7 February 2022 as an Executive Director.

Mr. Jeff completed the Executive Programme/Education from Stanford University, United States of America and Stockholm School of Economics, Sweden. He holds a Master of Business Administration (MBA) from Charles Sturt University, Australia and a Bachelor of Economics Degree, majoring in Statistical Economics from the National University of Malaysia.

He is an Executive Director of MMAG Holdings Berhad (**"MMAG"**) since July 2016. He is also the Chief Executive Officer of MMAG Digital Sdn. Bhd., a wholly-owned sub-subsidiary of MMAG since March 2015.

He has over twenty-five (25) years of corporate experience in the marketing and sales, product and communications fields; specialising in the telecommunications, device management and automotive sectors. He was the General Manager for the Small & Medium Enterprises business segment at Digi Telecommunications, Vice President of Mobility and International Business and a member of the Senior Leadership Team at Maxis Berhad and Chief Sales and Distribution Officer at Ooredoo Myanmar.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2022 are set out on pages 33 and 34 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages 152 and 154 of this Annual Report.

Mr. Jeff does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PERSONNEL'S PROFILE

The key senior management personnel are as follows:-

1.	**Tan Yip Jiun** Executive Director
2.	**Peter Yap** Executive Director
3.	**Kenny Khow Chuan Wah** Executive Director
4.	**Chong Koon Meng** Executive Director
5.	**Sim Chiun Wee** Executive Director

The profiles of the key senior management personnel are outlined in their respective profile on pages 9, 10, 11, 12, and 13.

INTRODUCTION

CSH Alliance Berhad ("**CSH**") and its subsidiaries ("**the Group**") are principally engaged in retail, trading, manufacturing, exporting, and marketing pottery, porcelain products, ceramics wares and ornaments, property construction and other related businesses, property investment, property development and other related services and financial services business.

Last year, the Group diversified its existing businesses to include transportation and logistics services in providing haulage and hub-to-hub deliveries services from a warehouse or distribution centre to traditional stores, brick and mortar retail outlets, and facilities ("**Middle Mile Logistics**") tapping on flourishing demand for logistics services in particularly the last-mile delivery which have become a major income in generating business segment within the Group.

Recently, CSH ventured into the distribution of commercial electric vehicles ("**EV**") and its related services business through a strategic partnership between Alliance EV Sdn. Bhd. ("**AEV**"), a wholly-owned subsidiary of CSH and BYD Malaysia Sdn. Bhd. ("**BYD**"), the Malaysian arm of BYD Company Limited which is a global leader in four major industries (i.e. Electronics, Auto, New Energy and Rail Transit) and a pioneer in achieving zero-emission energy ecosystem affordable solar power, reliable energy storage and electrified transportation.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

BUSINESS AND OPERATIONS OVERVIEW

Banking on the global trends of the growing demands for EV in the market, CSH had started its journey in the electrification race beginning with the partnership with BYD. This is in line with Malaysia's aims to grow the EV market share to 38% by 2040 through the Low Carbon Nation Aspiration (Aspirasi Negara Rendah Karbon) 2040, which is part of the National Energy Policy 2022-2040 (Dasar Tenaga Negara, or DTN) that was announced recently.

The strategic move to venture into EV market is part of the Group's initiatives to diversify its income streams, complements its transportation and logistics business through the supply of EV for the logistics industry and financial services business by offering flexible financing schemes to transportation and logistics entrepreneurs or companies to fund the purchases of EV.

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEWS

The Group achieved a 120.3% spike in revenue of RM37.27 million in the financial year ended 30 June 2022 ("**FYE 2022**") as compared to RM16.92 million in the previous financial year ended 30 June 2021 ("**FYE 2021**"). The increase was mainly contributed by the transportation and logistics segment which generated RM15.23 million revenue from haulage and hub-to-hub deliveries services provided to its customers and the financial services segment which generated RM6.01 million revenue due to higher interest income received from loan borrowers as a licensed moneylender.

Meanwhile, the Group's overall loss before taxation ("**LBT**") improved by RM9.28 million or 56.7% as compared to FYE 2021. The improvement was mainly contributed by the improved profit generated from the business of financial services segment. On another note, the higher LBT recorded in the preceding year-to-date was partly due to the loss on disposal of a subsidiary of RM10.81 million and impairment provided on other receivable of RM2.87 million.

Segmental wise, our ceramic segment generated RM12.35 million in revenue, representing an increase of 17.8% compared to FYE 2021 and a LBT of RM1.05 million compared to LBT of RM0.21 million in the preceding year. While the sales recorded a slight increment, the loss had been higher due to rising administrative and operating costs.

On the other hand, construction and property segment generated a revenue of RM1.36 million in FYE 2022 as compared to no revenue generated in FYE 2021. The revenue generated was through the sale of several units of condominium from the inventories of Profit Sunland Sdn. Bhd. ("**PSSB**"). The increase in LBT to RM2.10 million as recorded in FYE 2022 as compared to a loss of RM1.10 million in the last financial year was mainly due to the inventories written down at PSSB.

Next, the Group's financial services segment contributed a revenue of RM6.01 million, representing an increase of 132.0% as compared to RM2.59 million in FYE 2021 due to higher interest income received from loan borrowers as a licensed moneylender in FYE 2022. The profit before tax ("**PBT**") had increased by RM1.69 million from RM0.77 million in FYE 2021 to RM2.46 million in FYE 2022 following the hike in interest income gains from the moneylending operation.

This year, the transportation and logistics segment contributed a revenue of RM15.23 million (equivalent to 40.9% of the Group's total revenue), representing a spike of 383.5% from RM3.15 million recorded in FYE 2021 from provision of Middle Mile Logistics services. However, the segment also recorded a higher LBT at RM6.68 million in FYE 2022 as compared to RM0.07 million in FYE 2021 which was mainly attributed to higher cost of haulage charges.

As for the Group's non-current assets, it is lower by RM24.16 million mainly due to financing receivables derived from moneylending business have decreased by RM15.92 million to only RM0.9 million subsequent to the decrease in loan debtors.

On the other hand, the Group's current assets have increased to RM322.29 million or 60.0% in FYE 2022 as compared to RM201.40 million in FYE 2021. This improvement is mainly due to the increase in financing receivables deriving from moneylending business by RM112.66 million and higher fixed deposits with licensed banks.

Consequently, the Group's total liabilities have widened by RM1.16 million or 10.2% to RM12.51 million as opposed to RM11.35 million recorded in FYE 2021 due to higher trade and other payables in the transportation and logistics segment as well as the increase in operation costs which is in line with the growth in revenue in this segment.

Meanwhile, the Group's total share capital has increased from RM336.91 million to RM396.79 million, contributing to the increase in net assets by RM59.88 million, as a result of the issuance of new ordinary shares pursuant to a renounceable rights issue exercise. Other than that, the Group has minimum bank borrowings with healthy and sufficient funds for working capital needs, although the Group is still making losses.

REVIEW OF OPERATING ACTIVITIES

Despite the economic volatility, the Group's performance has improved significantly following the recalibration and rationalisation strategies implemented by the management to venture into the transportation and logistics business and financial services business while disposing non-core assets and non-profit making assets to minimise its business and financial risks.

The Group's transportation and logistics business through Line Haul Sdn. Bhd. ("**Line Haul**") are expanding to include other heavy industries and logistics players as well as business customers from various industries by widening its Middle Mile Logistics services segment and adopting a freight sharing services business model for the logistics providers. The freight sharing model involves companies sharing space on the same vehicle or container and splitting the fare for their respective portions of the trip by applying the pallet network concept, comprising a hub facilitator that brings together local haulage partners to be able to offer, often next-day, pick-up and delivery of goods by pallets ("**Pallet Network Concept**").

Goods packaged in pallet form are consolidated with other onward shipments of pallets from suppliers in the same area at the hub facilitator and merged with other pallets destined for the same area of delivery. The Pallet Network Concept would increase the vehicle fill rates (the ratio of the

Management Discussion and Analysis Disclosures (Cont'd)

actual capacity used to the total capacity available in terms of weight and volume) ("**Vehicle Fill Rates**"), reducing the number of vehicles, thus increasing productivity. In addition, the sharing of loads, heavy vehicles, trucks, and facilities is expected to reduce costs for the logistics services providers in the industry.

As a result, Line Haul's business has predominantly become the major revenue contributor of the Group followed by the financial services segment which offers moneylending and hire purchase facilities.

The moneylending arm of the Group, CSH Network Capital Sdn. Bhd. ("**CSH Network**") plans to grow its total loan size by extending its moneylending services to, amongst others, investment holding companies, small and medium enterprises and start-up entrepreneurs of all business segments (without limitation to any specific industry) which it perceives to be underserved by licensed financial institutions and co-operatives for various purposes such as personal financing, working capital, investment, business start-up and expansion, project financing and others, with or without secured collaterals of customers. As of 30 June 2022, CSH Network had an existing loan base of approximately RM180 million.

In the meantime, the Group's hire purchase arm, CSH Priority Sdn. Bhd. ("**CSH Priority**") may offer flexible financing schemes to transportation and logistics entrepreneurs or companies to fund the purchases of EV, thereby strengthening the Group's capability with enhanced infrastructure such as transport vehicles for pick-up and delivery facilities. In return, these companies are expected to give favourable terms and pricing for the transportation and logistics services to support the Group's transportation and logistics business through the aforesaid inter-dependent business relationship.

Furthermore, the hire purchase financing services offered by CSH Priority will also target to finance purchases of industrial machineries and equipment for companies in various industries such as logistics, trading or e-commerce, transportation, manufacturing, construction, engineering as well as food and beverages industries. The hire purchase financing is typically secured with collaterals of customers which will serve to provide the customers with additional loan options at lower interest rates.

The Group's efforts to extend its current customer base as well as the inclusion of EV business to the Group are expected to eventually lead to an increase in demand for its financing facilities (i.e. hire purchase, working capital financing, personal loan and others).

As such, AEV's recent partnership with BYD in the distribution of EVs is expected to bring a positive impact on the Group's financial performance. In the preliminary phase of the EV business, AEV and BYD will work together for the distribution of EV in Malaysia as well as setting up of the 4S services centre (i.e. sales, service, spare parts and body and paint services) to provide the related after-sales services to the EV customers and to showcase EV.

The subsequent phase of the EV business involves the parties' strategic plan to build a Complete Knocked Down ("**CKD**") assembly plant or the fully assembly plant in Malaysia to reduce EV vehicle costs and support the local businesses while creating job opportunities for Malaysians. At present, AEV and BYD are still in the planning stage for the implementation and execution of the local assembly plant of the EV in Malaysia. AEV is currently in the midst of obtaining several licenses or permits required to commercialise the EV business, such as the approved permit (AP) from the Ministry of International Trade and Industry, vehicle type approval (VTA) certificate from Road Transport Department Malaysia and Standard and Industrial Research Institute of Malaysia tests for the components of EV such as battery and other components.

Moving on to the ceramics business, the Group continues to revise its marketing strategies and increase research and development initiatives to focus on product development with the aim to develop new designs and colour glazing for its planters and pots. The Group is also seeking partnerships with other industry players to overcome the current issues faced by the industry in meeting customers' and market demands, as well as competition from other regions and rising costs in determining its pricing policy.

The Group presently does not have any ongoing construction and property development projects, however, the Management will continue to explore other viable opportunities via joint venture or bidding for a suitable project to revive our construction and property development segments and to broaden our construction business to include infrastructure construction projects and/or undertaking a scaled-down concept master plan based on the Group's two (2) pieces of vacant development lands measuring approximately 497,400 square feet located at Klebang, Melaka owned by Titanium Hallmark Sdn. Bhd., a wholly-owned subsidiary of the Company, to source for viable options such as joint venture arrangement for the commercial development of the lands or dispose the lands together with the concept masterplan.

Other than that, the Group had also recently entered into two (2) Sale and Purchase Agreements with the respective vendors to acquire three (3) adjoining plots of industrial land identified as Lot Nos. PT 17209, PT 17210, and PT 17211 held under Title Nos. HSD 336, HSD 351, and HSD 357, all located at Mukim of Hulu Bernam Timor, District of Muallim, Perak, with a total land area of approximately 55.3186 acres for a total cash consideration of RM12 million and a plot of industrial land identified as Lot No. 54, held under Title No. Pajakan Negeri 10300, Section 20, Bandar Petaling Jaya, District of Petaling, Selangor, with a total land area of approximately 4,314.9538 square metres (approximately 46,446 square feet) for a total cash consideration of RM10 million for the purpose of building the CKD assembly plant and the 4S service center catering to the EV business.

Management Discussion and Analysis Disclosures (Cont'd)

RISK MANAGEMENT

With the country transitioning from the pandemic into the endemic phase in managing the COVID-19 infections, the international borders have reopened and the economy is recovering gradually. The Group foresees less risk in the movement control orders or lockdowns.

However, in view of the diversification of the Group's core business to include transportation and logistics services and financial services with new ventures into the EVs industry whereby the Group may face new challenges and risks arising from the new businesses in which our Group currently has no exposure in.

CSH does not have prior experience in some of the new businesses such as EVs which may cause the Group to be subjected to challenges and the risks arising therefrom. As a result, this may in turn potentially have a material adverse effect on our Group's operations in these businesses as well as on our Group's financial performance.

Hence, the Group intends to leverage on the experience and expertise of its collaboration partner, BYD, which is the world's leading producer of rechargeable batteries and a leading player in the EV industry. BYD will be providing support and technical assistance in relation to the EV Project to the Group.

Further, CSH may also be subject to the risk of not being able to procure additional funding for further development of transportation and logistics business; financial services and EV business and any shortfall will be required to be funded via internally generated funds and/or equity fund raising exercise(s). Should the Group decide to undertake any further equity fund raising exercise(s), there may be a corresponding dilution in the shareholdings of our existing shareholders due to the increase in the amount of CSH shares in issue arising from the equity fund raising exercise(s).

Moving on, the Group is exposed to competition risks from the existing competitors and/or new entrants operating in similar business relating to the construction, property investment and property development businesses. CSH will face competition particularly in terms of identifying strategically located and reasonably priced land bank, property for investment purposes and marketing strategy of the developed property.

Lastly, the Group's businesses may also be affected by risks on the occurrence of force majeure events or circumstances which are beyond the control of our Group, for instances, natural disasters, lockdown, closure of international borders, economic risks (such as an economic downturn, slower global and domestic growth and inflation), ongoing trade and geopolitical tensions, commodity-related crisis, adverse developments in political and government policies in Malaysia and foreign markets, acts of war or terrorism, riots, expropriations and changes in political leadership.

MOVING FORWARD

The Group will continue to identify potential businesses and/ or business partners to increase its income basket while reducing unnecessary expenses. The Board of Directors ("**the Board**") is also of the view that the asset rationalisation and business optimisation measures taken in the previous financial year via the disposal and potential disposal of non-core or non-profit making assets (i.e. those which are not primary revenue or profit generating for our Group) have proved to be effective.

Besides that, the Board will continue to grow its transportation and logistics and financial services businesses which are expected to contribute positively to the Group's future earnings due to increase in demand for e-commerce, warehousing and flexible financing solutions.

Further to the distribution of EV itself, CSH also aims to be involved in supplying charging station which is essential in EV industry; energy diversification through the adoption and utilisation of solar panels by partnering with local electricity company, Tenaga Nasional Berhad to build the infrastructure and EV spare parts business in building the ecosystem to provide confidence towards users in the transitioning period.

The Board will also put more emphasis in environmental sustainability as it is strategically domineering organisations globally. With EV makes and models coming onto the market at a rapid pace and battery advancements increasing range, decreasing cost of commercial fleet has been identified as one of the most significant and accessible ways for companies with Environmental, Social and Governance (ESG) plans to make progress on their goals over the next 10 to 20 years. CSH aims to be a part in "Electrifying the future".

DIVIDEND

No dividends have been paid by the Company for the current financial year. Payment of any future dividends is subject to the Company's level of cash, indebtedness, retained earnings, capital expenditure, and such other matter, as the Board may deem relevant from time to time.

Management Discussion and Analysis Disclosures (Cont'd)

ACKNOWLEDGEMENT

In spite of the significant challenges which have come our way, the resolute and strong manner in which we have faced up to and overcome the hurdles in our way is the truest reflection of our core values and a testament to the strength of our people.

With that in mind, the Board wishes to thank the management and all employees for their dedication and contributions to the Group in the past year. They have persevered amidst difficult and challenging times.

We would like to thank all our shareholders, customers, business partners, relevant government bodies and stakeholders for their continuous support and unwavering confidence and trust in the Group. To our colleagues on the Board, many thanks for their commitments and guidance. We look forward to working with all of you to strengthen our competencies and build a better and more sustainable future.

For and on behalf of the Board and the Management of CSH

SUSTAINABILITY STATEMENT

Financial year ended 30 June 2022 ("**FYE 2022**") was yet another unparalleled year for the country, as we continued to fight against the COVID-19 pandemic before transitioning to the endemic phase. The past couple of years has reinforced our core values and beliefs in creating a sustainable business. We are aware that the performance and success of CSH Alliance Berhad ("**CSH**") and its subsidiaries ("**the Group**") do not solely rest on financial or economic outcomes, as such, we are committed to not only strengthening economic perspective, but also from the societal and environmental perspectives.

The Group's Sustainability Statement summarises our continued commitment to our business operations during these challenging yet opportunity-rich times. It also outlines the sustainability initiatives we are spearheading to create long-term value for our customers, local communities and the planet. This Sustainability Statement covers the Group's business operations for FYE 2022. In particular, the Sustainability Statement has been prepared pursuant to Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities Malaysia Berhad ("**Bursa Securities**") and to disclose the management of material sustainability matters in accordance with Part A of Practice Note 9 of MMLR and Sustainability Reporting Guide issued by Bursa Securities on the content of the Sustainability Statement.

Our Sustainability Policy established is guided by the 17 Sustainable Development Goals developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

Sustainablity Statement
(Cont'd)

STAKEHOLDERS ENGAGEMENT

We engage our stakeholders continuously via various communication channels as depicted in Table 1. We define our stakeholders as any individuals, communities and entities that may be impacted by the Group's business operations. We value our stakeholders' views and undertake various communication channels to understand their interests and concerns towards our business operations and sustainability performance.

The approaches we engaged with our stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications detailed as follows:-

Stakeholders groups	Areas of interest	Engagement methods
Board of Directors ("**Board**")	• Business strategy • Financial performance • Environmental practices • Human capital management • Client satisfaction • Occupational health and safety	• Board meetings • General meetings • Corporate/Company events • Stakeholder Engagement Surveys
Investors/ Shareholders	• Transparent reporting with credible data • Innovative supply chain solutions	• Quarterly financial results/reports • Annual report • Corporate website • Fully virtual/physical general meeting(s) • Announcements and advertisement, if any
Customers	• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency • Quality of products	• Customer feedback and surveys conducted annually • Market research • E-fulfilment of transportation • Sales and customer visits/virtual meeting/conference calls • Stringent quality control
Employees	• Fair employment practices • Staff development & training • Occupational health and safety • Information security • Anti-bribery and anti-corruption	• Performance review • Employee Handbook • Code of Business Ethics and Conduct • Fully virtual training programmes and workshops • Townhall meetings conducted on a fully virtual basis (department-wise) • Company intranet (disseminating department meeting updates and memos)
Suppliers	• Long-term business relationship • Timely pay-outs • Procurement practices • Licensing and certification • Business opportunities • Mitigation of business risks • Sustainability of the Company's operations • Shared growth through partnerships • Impact of COVID-19 pandemic	• Annual supplier assessment • Supplier registration • Virtual meetings • Email correspondences
Communities	• Impact of operations on the surrounding environment • Economic opportunities • Corporate Social Responsibility ("**CSR**") activities and involvement	• Community engagement programmes • Public safety and security • Safety and security of operations • Employment and business opportunities • Infrastructure development • Social and welfare contributions

The approaches we engaged with our stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications detailed as follows:- (Cont'd)

Stakeholders groups	Areas of interest	Engagement methods
Business Partners	• Financial stability • Service coverage and capability • Reputation	• Written communication • Business exchange • Virtual meetings visits
Regulatory Authorities and Statutory Bodies	• Regulatory compliance • Corporate governance • Standards and certifications • Risk management • Information security	• Collaborative partnerships • Regular audits and inspections • Updates on regulations and meetings

Table 1

SUSTAINABILITY GOVERNANCE

Our sustainability efforts are governed through our corporate structure where ultimate responsibility lies with our Board whom are responsible for overseeing sustainability role across the Group. The Risk Management Committee ("**RMC**"), chaired by Mr. Lim Peng Tong, the Independent Non-Executive Director is tasked for driving and managing the sustainability across the business and ensuring that key sustainability results are met with the support of the Management. The RMC reports key sustainability matters to the Board. The Management implements sustainability strategies and monitors the progress of the Company's sustainability performance.

MATERIAL SUSTAINABILITY MATTERS

A materiality assessment exercise is carried out annually from all business divisions. The Group recognises the importance of building a sustainable business, therefore takes into consideration medium to long-term view of technology trends, environmental, social, and governance impact while developing corporate strategies.

We reviewed the relevancy of sustainability matters using information from internal (i.e. management data, risk register, interviews' feedback from stakeholders) and external sources (e.g. Bursa Malaysia's Sustainability Reporting Guide and relevant industry-specific references and publications).

The degree of significance of the sustainable matters to influence the assessment and decision by internal and external stakeholders was performed by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments/Divisions and Executive Directors. In addition, the respective division's management heads are responsible for identifying, evaluating, monitoring, and managing economic, environmental, and social risks and opportunities directly.

Products and Services Quality

As one of the leading ceramics manufacturers in Malaysia as well as trading in ceramics goods, the Group is committed to maintaining quality products and services. The Group engages with various certification bodies relevant to their business operations to ensure its products manufactured meet customers' and regulatory requirements.

We continuously train our employees to adhere to the Group's standard operating procedures ("**SOPs**") in carrying out their roles and duties. These included but not limited to performing tests and analysis on incoming raw and packaging material as well as our finished products. These SOPs are consistently reviewed and improved upon to ensure its effectiveness. Besides providing trainings for our employees, we constantly update our employees with the latest standards, wherever applicable.

Sustainablity Statement (Cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Supply Chain and Responsible Procurement Practices

Our procurement department ensures that we engage in responsible procurement practices, which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to the Code of Business Ethics and Conduct. Vendors' qualifications and credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner are sought through performing audits and making continuous improvements in our procurement processes and policies.

In monitoring our suppliers' performance, we conduct annual key suppliers' performance assessment which generally includes the following:-

(a) Quality of materials;
(b) Timeliness of delivery;
(c) Delivery terms; and
(d) Order fulfilment.

Environmental

With the issues of global warming being the main concern and responsibility of each of us, CSH continued to demonstrate our commitment to conservation by emphasising managing our resources by reducing waste, practicing energy efficiency and introducing initiatives to reduce emissions throughout our operations. The Board also demonstrated their commitment to minimise the environmental impact of our activities, comply with all applicable laws and regulations and communicate our commitment to our stakeholders.

Social

The Group's CSR activities are continuously guided by its firm beliefs that it can contribute positively to our society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities in which they operate.

We reach out to society via our philanthropic and CSR activities, aimed at the less fortunate where we can make a difference and our employees can participate in giving back and enriching themselves in the process.

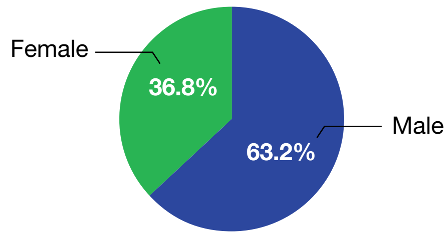
During the financial year under review, the Group has joined the relevant authorities, government bodies and business partners to work together in the humanitarian aid delivery mission for the COVID-19 victims to help them overcome the pandemic.

Employment Diversity and Equal Opportunity

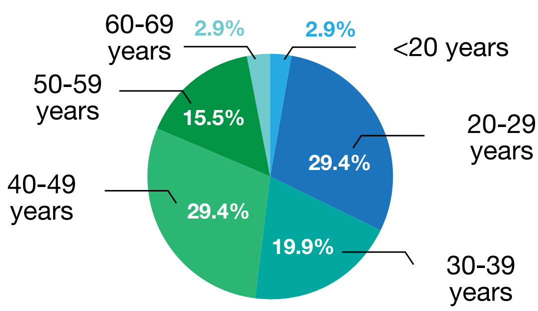
We emphasise on hiring and promoting employees based on merits, capabilities and experiences. Everyone in the organisation is treated fairly and is provided with a variety of opportunities. We provide fair labour practice and do not hire child labour or forced labour. We complied with applicable laws and procedures in hiring foreign workers.

We value our employees as they are key to competitive success in the marketplace, vital for business sustainability. As part of the Group hiring practice, we do not discriminate against any race, gender, identity, ethnicity or religion. Although we emphasise equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. The employees are also provided with adequate welfare and employee benefits.

In the Group, due to the nature of industry, male employees have dominated the operations workforce, of whom they have accounted for 63.2% while the remaining 36.8% are female employees.



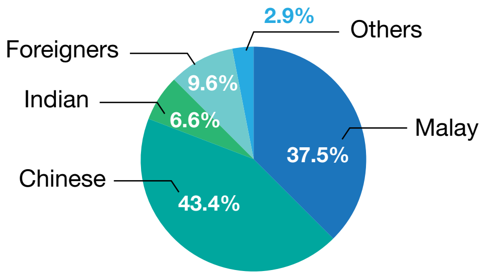
The Group has a healthy mix of young and experienced workforce. In FYE 2022, as shown below, approximately 52.2% of our workforce consists of young people below the age of 40 while the remaining 47.8% of the workforce are of the age of 40 years old and above.



MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Employment Diversity and Equal Opportunity (Cont'd)

In terms of ethnic diversity, the Group has established a diverse workforce which consist of different ethnicity. As shown below, majority of the workforce, i.e. 43.4%, are Chinese. We understand the value of recruiting and retaining diverse employees from different ethnicity.



Employee Welfare

To allow our employees to pursue their professional growth and support our business and development, we instilled a safe, nurturing, and high performing culture, whilst creating positive impact on the local communities.

We provide both monetary and non-monetary incentives to promote employee well-being. We ensure mandatory compliance with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund (EPF), employees' social security protection (SOCSO), employment insurance system (EIS) coverage and leaves provision are complied with. Employees also receive other medical benefits such as Outpatient treatment, Group Personal Accident insurance and Hospitalisation and Surgical insurance coverage.

Occupational Safety and Health

We are committed to ensuring our employees work in a safe and healthy environment by securing employees' health, safety, and welfare at the workplace. In our effort to prevent injuries and hazards in all work environments, various training and workshops have been conducted. Across our operations, we maintain a safe and healthy working environment by implementing key measures to prevent injuries, fatalities and occupational illness at project sites and workplaces.

The Group has taken a proactive approach to ensure the following:-

(i) Minimising employees' risk of exposure to the COVID-19 with the implementation of work-from-home model and virtual meetings with any parties and online documentation system in communicating with customers and suppliers;

Occupational Safety and Health (Cont'd)

(ii) Introducing regular sanitisation services at our premises, which include regular disinfection of common areas and sanitisation to all office premises, warehouse and factory;

(iii) Implementing strict and effective SOPs and following the best practices as recommended by the Ministry of Health and the World Health Organisation, which ensured the continuous business or daily operations of the Group; and

(iv) Developing SOPs and/or alternative business arrangements with customers, contractors or suppliers to ensure smooth continuity of the business and operations.

Ethics and Integrity

We are committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

CSH has also implemented and strictly enforced Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**"). Directors and employees are not permitted to solicit gifts or personal favours from contractors, sub-contractors, suppliers, consultants, bankers, dealers or customers, or other parties having business dealings with the Company, whether actual or potential, regardless of value.

Our Whistleblowing Policy is established with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities, which will affect the business and image of the Group.

Data Protection – Customers' Privacy & Confidential Information

The Group being involved in the business of manufacturing, transportation and logistics and financial services, do not compromise with the protection of our customers' data. We recognise the risks and negative impact that our business and stakeholders may encounter if information such as confidential and sensitive corporate data, personal data of customers, employees and stakeholders, is not adequately protected. Therefore, data security and privacy are our top priorities.

We comply with the Personal Data Protection Act 2010 ("**PDPA**") and abide strictly with the guidelines set out in the PDPA. Where applicable, we also sign non-disclosure agreement with the customer to protect confidential material, knowledge or information shared between both parties.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Corporate Governance Practices

The Group is led by an effective Board that assumes responsibility for its leadership and control, and is collectively responsible for promoting its success by directing and supervising its affairs. The Directors made objective decisions in the best interests of the Group through good corporate governance practices.

The Group has ensured that the policies and procedures are in place to strengthen its corporate governance drive as well as being an effective tool to guide the Management and all its stakeholders relating to the following areas:-

- ABAC Policy
- Code of Business Ethics and Conducts
- Board Charter
- Whistleblowing Policy
- Risk Management Policy

The Board and top-level management have taken proactive measures to ensure the Company's adherence with the Malaysian Anti-Corruption Commission's corporate liability law which came into force on 1 June 2020. The Group is committed to fighting corruption, enhancing integrity, and implementing good governance in its organisation by taking appropriate and consistent steps to ensure that the Company does not engage in corrupt activities.

Apart from the above-mentioned, a specific grievance procedure is established by the Management to enable the employees to voice their grievances through multiple communication channels to the appropriate level of authority. This is part of the Group's efforts to establish and uphold impartiality in the workplace.

There was no major legal action taken against the Group, nor any fine or monetary sanction imposed related to social aspects during the financial year under review.

During these unprecedented times, we continue to drive our sustainability efforts across all our business segments to ensure sustainable development of our business through the importance we have placed, particularly in our material matters that shape the Group's sustainability efforts in managing the long-term value creation of our stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of CSH Alliance Berhad ("**CSH**" or the "**Company**") values the importance of maintaining high standards of corporate governance within the Company to protect shareholders' value while at the same time preserving the interests of the Company's other stakeholders. The Board understands the importance of achieving the desired financial performance while maintaining its sustainability.

The Board is committed to its policy of managing the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting and enhancing long-term shareholders' value and investors' interest.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The objective of this Statement is to provide an overview of the application of the corporate governance practices of the Company and its subsidiaries ("**Group**") during the financial year ended 30 June 2022 ("**FYE 2022**") as guided by the latest Malaysian Code on Corporate Governance ("**MCCG**" or "**Code**").

The comprehensive Corporate Governance Report can be accessed on the Company's website by this link https://www.cshalliance.com.my.

The Board is pleased to provide the following Statement, which outlines the main corporate governance practices that have been in place throughout the financial year under review.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

(1) Clear Functions of the Board and Management

The Board has been entrusted by the shareholders in guiding the business activities of the Group through achieving an optimum balance of sound and sustainable business operation and embracing good corporate governance practices. The Board has been steadfast in upholding the responsibilities in establishing strategic direction, corporate goals and monitoring the achievement of these objectives.

The Board has maintained matters that include the review of financial statements, risk management, acquisitions and disposals, investments in joint ventures, property transactions, capital expenditure and board appointments for its approval while delegating responsibilities to other Board Committees within their terms of reference ("**TOR**"). The Board receives reports at its meetings from the Chairman of the respective Board Committees.

(2) Roles and Responsibilities of the Board

The Board is collectively responsible for the proper conduct of the Company's business and assumes the responsibility of effective stewardship and control of the Group. In discharging its fiduciary duties and leadership functions, the Board has, amongst others, undertaken the following as guided by the Board Charter:-

- together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Company, and monitor its implementation by the Management;
- consider Management's recommendations on key issues including acquisitions, disposals and restructuring, funding, and significant capital expenditure;
- monitor the progress of the Company's strategies, plans and policies;
- oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- identify and understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;

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

I. Board Responsibilities (Cont'd)

(2) Roles and Responsibilities of the Board (Cont'd)

The Board is collectively responsible for the proper conduct of the Company's business and assumes the responsibility of effective stewardship and control of the Group. In discharging its fiduciary duties and leadership functions, the Board has, amongst others, undertaken the following as guided by the Board Charter (cont'd):-

- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting.

Further to the above, the Board is committed in enhancing the Group's sustainability governance and considering reviewing and refining the Company's sustainability strategies, priorities and targets to identify, manage and address the Company's sustainability risks and opportunities.

(3) Separation of Position of the Chairman and Chief Executive Officer ("CEO")/Managing Director ("MD")

En. Ahmad Ruslan Zahari Bin Zakaria was re-designated as Independent Non-Executive Chairman on 11 November 2020. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management.

While the Management is not spearheaded by a CEO/MD, the business and day-to-day management and operations of the Group and the implementation of the Board's decisions are carried out collectively by the Executive Directors ("**EDs**").

Nevertheless, the Board is mindful of the separation of the position of the Chairman and CEO/MD, and the Board Charter has specified a clear separation of powers and responsibilities between the Chairman of the Board and the CEO/MD to ensure that an equilibrium of power, authority and accountability are maintained.

(4) Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, who are responsible for supporting and advising the Board and the relevant Board Committees to ensure their effective functioning in accordance with their TOR and best practices, as well as managing the corporate governance framework of the Company. Also, the Company Secretaries ensure that the deliberations at Board and Board Committee meetings are minuted in an adequate and timely manner.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and possess practising certificate issued by the Companies Commission of Malaysia. They are both qualified Company Secretaries pursuant to Section 235(2) of the Companies Act 2016.

(5) Access to Information and Advice

All the Directors were given due notices of proposed Board and Board Committee meetings held during the FYE 2022. The Directors may participate in Board and Board Committee meetings either physically in person or virtually via online conferencing facility. Meeting materials are furnished to the members of the Board and Board Committees within a reasonable time before the meetings, while minutes of the meetings are circulated to all members of the Board and Board Committees for the Board and respective Board Committee's confirmation in a timely manner.

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

I. Board Responsibilities (Cont'd)

(5) Access to Information and Advice (Cont'd)

The Board has access to the advice and services of the Company Secretaries who are suitably qualified and competent to support the Board in carrying out its roles and responsibilities. The Board may seek independent advice from the Company Secretaries if required.

Moreover, the Board may also obtain independent professional advice at the Company's expense in furtherance of their duties. Consultants and experts would be invited to brief the Board on their areas of expertise or their reports whenever necessary.

(6) Board Charter

The Company has adopted a Board Charter which sets out amongst others, the following:-

- Roles and responsibilities of the Board;
- Board Meeting procedures;
- Description of the roles of the Chairman;
- Expectation of individual Director;
- Appointment of Senior Independent Director and its roles;
- Board Committees;
- Board composition;
- Nomination and appointment of new Director;
- Tenure of Independent Director;
- Shareholdings by Board Members in the Company;
- Provision of business or professional services by Independent Directors;
- Board appointment in other companies;
- Directors' training;
- Board-Management relationship;
- Board-Shareholder relationship; and
- Stakeholder relationship.

In this respect, the Board Charter is vital in helping the Board to direct its focus on matters that are pertinent to the Company.

In addition, the Company has adopted TOR for each Board Committee which spells out amongst others, the following:-

- Objectives of the respective Board Committees;
- Composition of the respective Board Committees;
- Description of the roles of the Chairman of the respective Board Committees; and
- Duties and responsibilities of the respective Board Committee.

The Board Charter and TOR of the respective Board Committees are reviewed periodically to ensure that the practices of the Board are in line with the latest laws and/or regulations and that the practices of the Board remain relevant to the Company and the business environment within which the Group operates.

The Board Charter and TOR of the respective Board Committees, which are available on the Company's website at https://www.cshalliance.com.my, also serve as an avenue to communicate the Company's approach to important governance practices to the Company's stakeholders.

(7) Code of Business Ethics and Conduct

To reflect the Board's commitment to the highest standards of ethical business conduct, the Board has formalised a Code of Business Ethics and Conduct, which summarises the standard of business ethics and conduct that the Board, the Management, employees and other stakeholders must observe.

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

I. Board Responsibilities (Cont'd)

(7) Code of Business Ethics and Conduct (Cont'd)

The Code of Business Ethics and Conduct has been published on the Company's corporate website at https://www.cshalliance.com.my.

(8) Whistleblowing

The Board recognises that whistleblowing can serve as an important tool in preventing misconduct at the early stage and has established a Whistleblowing Policy that sets out avenues for individuals to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

The Whistleblowing Policy may be accessed by the public via the Company's corporate website at https://www.cshalliance.com.my.

II Board Composition

(1) Board Composition and Balance

The Board currently comprises eight (8) Directors made up of five (5) EDs and three (3) Independent Non-Executive Directors ("**Independent Directors**"). Although less than half of the Board comprises Independent Directors, the Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The diverse professional experience and background coupled with the mix of professional and technical knowledge among the Directors have contributed to the collective wisdom of the Board and added value to the Company. The Directors' profiles are presented on pages 6 to 13 of this Annual Report.

Considering the nature of the Group's existing businesses and the current scale of the Group's operations, the Board is of the view that the current size and composition of the Board is adequate. However, the Board will consider suitable candidates in the future to enhance the composition of the Board if necessary.

(2) Re-election of Directors

Pursuant to the Company's Constitution, any Director appointed during the year shall retire and may seek for re-election by the shareholders at the Annual General Meeting ("**AGM**") immediately after their appointment. The Company's Constitution also requires one-third (1/3) of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors who are subject to re-election at the forthcoming Twenty-Second ("**22nd**") AGM had been assessed by the Nomination Committee ("**NC**"), whereupon their recommendation had been considered by the Board for recommendation to the shareholders for approval at the forthcoming 22nd AGM.

The Directors who are seeking re-election at the forthcoming 22nd AGM of the Company are as set forth in the Notice of the 22nd AGM contained in this Annual Report.

(3) Tenure of Independent Directors

Currently, all Independent Directors, namely Encik Ahmad Ruslan Zahari Bin Zakaria, Mr. Lim Peng Tong and Mr. Ng Keok Chai, have served the Board for less than nine (9) years.

The Board Charter of the Company limits the tenure of an Independent Director to not exceeding a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board as an Independent Director, provided the Board shall first justify and obtain shareholders' approval via a two (2)-tier voting process as guided by the MCCG for his or her retention, failing which, he or she may still serve on the Board, but as a Non-Independent Director.

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

II Board Composition (Cont'd)

(3) Tenure of Independent Directors (Cont'd)

Furthermore, the Board has undertaken to assess its Independent Directors annually as recommended by the MCCG. In this regard, the NC has undertaken proper policies and procedures to assess the independence of the Independent Directors on the Board by taking into account the individual Director's ability to exercise independent and impartial judgement at all times and their contribution to the effective functioning of the Board.

The Independent Directors must ensure that they are independent of management and free from any business relationship which could materially interfere with their independent judgement. Their role is to provide an independent view, advice and judgement to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders. To this end, the Independent Directors are expected to advise the Chairman or the Board immediately if they believe that they may no longer be independent.

All the Independent Directors have fulfilled the criteria prescribed under the Bursa Securities MMLR, and the Board is of the opinion that the current composition of Independent Directors on the Board adequately represents the interest of the minority shareholders in the Company.

(4) Appointment of Directors

The Group gives equal opportunity to all employees. In making the recommendation to the Board, the NC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity of the potential candidate, where appropriate and, may not be limited to gender, age, ethnicity and culture background. On the other hand, the Remuneration Committee ("**RC**") is responsible for determining the appropriate remuneration packages for these appointments.

The Board views that the workplace and Board diversity are important to facilitate the decision-making process by harnessing different insights and perspectives.

Upon appointment, the newly appointed Director shall be briefed on the terms of his/her appointment, his/her duties and obligations, and on the operations of the Group.

The new Board member appointed in the FYE 2022, namely Mr. Chong Koon Meng, who was recommended by the existing Board members. The Board has entrusted the NC with the duty to review and recommend the appointment of potential candidates as EDs for the Board's consideration.

In addition, the Fit and Proper Policy which was adopted by the Board also outlines the following criteria for assessment of the suitability of the candidate for appointment moving forward:-

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness, as well as financial integrity, where the candidate must manage his debts or financial affairs prudently;
- Competence and capability, where the candidate must possess the qualifications, skills, working experience, expertise and capability necessary to carry out the role; and
- Committed and demonstrates willingness to devote time and effort to understand the business of the Group and participate in board activities, and able to judge independently, objectively and provide constructive comments.

The Director resigned during the FYE 2022 was Mr. Chan Pak Keong, who was resigned on 31 August 2021.

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

II Board Composition (Cont'd)

(5) Board Committees

The Board has established the following Board Committees, each with clearly defined TOR detailing the respective Board Committees' authorities, roles and responsibilities, to enhance business and corporate efficiency and effectiveness:-

- Audit Committee ("**AC**");
- Risk Management Committee ("**RMC**");
- NC; and
- RC.

All these Board Committees have written TOR clearly outlining their objectives, duties and powers. However, the final decisions on all matters are determined by the Board as a whole.

The Board is fully aware of having the same person assuming the positions of Chairman of the Board and members of AC, NC and RC would give rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the AC, NC and RC respectively. The Board is in the midst of reviewing the composition of its Board Committees. In the meantime, the Chairman of the Board who is also a member of the AC, NC and RC observed a high level of governance and abstained from all deliberations and voting for matters he has an interest in to ensure that there is a proper check and balance as well as objective review by the Board.

(6) AC

The AC is responsible for assisting the Board in discharging its duties and responsibilities relating to accounting and reporting practices as well as an internal control of the Group.

The Board has delegated the responsibilities to the AC to review the Group's accounting and internal controls and assess the independence of the Group's External and Internal Auditors. The activities of the AC during the financial year under review have been laid out in the AC Report in this Annual Report.

The TOR of the AC is available on the Company's corporate website at https://www.cshalliance.com.my.

(7) NC

The Board has established the NC to assist the Board in ensuring that there is a structured oversight process in the recruitment, retaining, training and development of Directors of the Company. The NC comprises exclusively of the following Independent Directors:-

Name of Directors	Designation	Number of NC Meetings attended/ held in the financial year under review
Ng Keok Chai	Chairman	1/1
Lim Peng Tong	Member	1/1
Ahmad Ruslan Zahari Bin Zakaria	Member	1/1

The NC is governed by its TOR and its principal objective is to assist the Board in its responsibilities by sourcing for and nominating potential candidates to be appointed as new Directors to the Board and to perform annual assessments on the effectiveness of the Board as a whole, the respective Board Committees, and each individual Director.

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

II Board Composition (Cont'd)

(7) NC (Cont'd)

The TOR of the NC is available on the Company's corporate website at https://www.cshalliance.com.my.

(a) Activities are undertaken during the financial year

For the FYE 2022, the NC held one (1) meeting and passed several resolutions in writing to perform the following in discharging of its duties and responsibilities:-

- Reviewed and recommended candidates for appointment to the Board;
- Recommended the re-election of the Directors who are to retire by rotation at the Twenty-First ("**21st**") AGM;
- Reviewed the contribution and performance of each individual Director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
- Reviewed the required mix of skills and experience and other qualities of the Board;
- Evaluated the performance of the Board and respective Board Committees;
- Assessed the independence of the Independent Directors of the Company;
- Reviewed the term of office and performance of the AC and each of the AC members and assessed the effectiveness of the AC as a whole; and
- Reviewed the TOR of the NC and recommended the same to the Board for adoption.

(b) Gender Diversity

While there is currently no woman Director on the Board, the Board is committed to ensuring that Board recruitment is based on objective criteria, merit and due regard for diversity in skills and experience, not solely gender.

The Board noted of the requirement of the MMLR for all listed issuers to have at least one (1) woman Director by 1 June 2023, and is in the midst of scouting for the right talent as an addition to the existing Board.

(c) Ethnicity Diversity

The Board currently comprises one (1) Malay Director and seven (7) Chinese Directors.

(d) Age Diversity

The general age profile of the Directors is between the thirties to sixties years of age.

While the Company does not have any specific target for age diversity in the Boardroom, the Board recognises the added value that Directors of different age groups could contribute to the Company and would endeavour to promote age diversity among the Directors and senior management.

(8) RC

The RC comprises exclusively of Independent Directors as follows:-

Name of Directors	Designation	Number of RC Meetings attended/ held in the financial year under review
Ng Keok Chai	Chairman	1/1
Lim Peng Tong	Member	1/1
Ahmad Ruslan Zahari Bin Zakaria	Member	1/1

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

II Board Composition (Cont'd)

(8) RC (Cont'd)

The RC met once during the FYE 2022.

The RC is governed by its TOR and its principal objective is to assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors and senior management.

The TOR of the RC is available on the Company's corporate website at https://www.cshalliance.com.my.

(9) Time Commitment

Members of the Board are expected to devote sufficient time and attention to the affairs of the Company for the effective functioning of the Board as a whole. While Directors are at liberty to accept other Board appointment(s) in other companies, Directors are required to ensure that the appointment(s) is/are not in conflict with the Company's business and would not hinder the effective discharge of his/her duty as a Director of the Company.

Directors are also required to notify the Board of new Board appointment(s) in other companies and indicate the time that will be spent on the new Board appointment(s).

Directors are also expected to use their best endeavours to attend Board meetings where each Director shall commit to attending at least 50% of all Board Meetings and Board Committee Meetings where he is a member of, in any applicable financial year.

The Board will normally hold meetings at least four (4) times in each financial year and hold additional meetings as the situation requires. At each meeting, the Board will consider, amongst others, the following:-

- Quarterly financial results;
- Relevant financial and operational report(s) from Management; and
- Major issues and/or potential opportunities for the Company, if any.

For the FYE 2022, the Board had convened a total of five (5) Board Meetings. The attendance record of each Director at the Board of Directors' Meetings during the FYE 2022 is as follows:-

Name of Directors	Attendance
Ahmad Ruslan Zahari Bin Zakaria	5/5
Sim Chiun Wee	5/5
Lim Peng Tong	5/5
Ng Keok Chai	5/5
Tan Yip Jiun	5/5
Peter Yap	5/5
Kenny Khow Chuan Wah	5/5
Chong Koon Meng *(appointed w.e.f. 7 February 2022)*	2/2
Chan Pak Keong *(resigned w.e.f. 31 August 2021)*	1/1

During the intervals between Board meetings, matters requiring urgent decisions and/or approval of the Board were sought to vide circular resolutions of the Board, which were circulated to all Directors and supported with all relevant information and explanations required for an informed decision to be made.

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

II Board Composition (Cont'd)

(10) Training

The Board is cognisant of the importance of continuous education and training in equipping each individual Director and the Board as a whole. In this regard, with the assistance of the NC, the Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes to keep abreast on issues and challenges arising from the changing business environment within which the Group operates.

Recognising the increasing importance of Environmental, Social, and Governance ("**ESG**") considerations to the Group's performance and long-term sustainability, ESG would be embedded as part of the Board and Management's development planning.

During the FYE 2022, the Directors had attended the following training programmes in compliance with Paragraph 15.08 of the MMLR:-

Name of Directors	Training/Courses attended
Ahmad Ruslan Zahari Bin Zakaria	• Corporate Directors Summit 2021: Governance 4.0 • Task Force on Climate-related Financial Disclosures ("**TCFD**") 102: Building experience in climate-related financial reporting by Bursa Securities
Lim Peng Tong	• Audit Oversight Board ("**AOB**") Conversation with AC • Assessing Your Organisational Culture • Advocacy Session for Directors and Senior Management of MMLR • Corporate Governance and Remuneration Practices for the ESG World
Ng Keok Chai	• TCFD 101: Getting started with climate-related financial reporting • AOB Conversation with AC
Sim Chiun Wee	• Post-Budget 2022: Towards Recovery?
Tan Yip Jiun	• Post-Budget 2022: Towards Recovery?
Peter Yap	• Post-Budget 2022: Towards Recovery?
Kenny Khow Chuan Wah	• Post-Budget 2022: Towards Recovery?
Chong Koon Meng *(appointed w.e.f. 7 February 2022)*	• The Unorthodox Sales Personnel

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

III Remuneration

The Board recognises that fair remuneration is crucial to attract, retain and motivate Directors and senior management. To this end, the Board has adopted the Policy and Procedures in determining the Remuneration of Directors and Senior Management which considers amongst others, the demands, complexities and performance of the Company, as well as the skills and experience required of each Director and Senior Management, to guide the Board in ensuring that the remuneration package of each Director and Senior Management commensurate with the responsibility and performance of each Director and and Senior Management, and is sufficient to attract, retain and motivate the Directors and Senior Management.

The breakdown of the remuneration packages of the Directors for the FYE 2022 are as follows:-

Group

Name of Directors	Directors fees (1) RM	Salaries and bonus (2) RM	Other emoluments (3) RM	Benefits in-kind RM	Total RM
Executive Directors					
Sim Chiun Wee	36,000	271,883	600	–	308,483
Tan Yip Jiun	36,000	135,324	600	–	171,924
Peter Yap	36,000	135,324	600	–	171,924
Kenny Khow Chuan Wah	36,000	68,723	600	–	105,323
Chong Koon Meng *(appointed on 7 February 2022)*	15,000	27,426	300	–	42,726
Chan Pak Keong *(resigned on 31 August 2021)*	6,000	22,554	–	–	28,554
Non-Executive Directors					
Ahmad Ruslan Zahari Bin Zakaria	36,000	–	600	–	36,600
Lim Peng Tong	36,000	–	600	–	36,600
Ng Keok Chai	36,000	–	600	–	36,600

(1) Approval obtained as a lump sum at the 21st AGM for the FYE 2022.
(2) Includes statutory contributions.
(3) For meeting allowances only.

For the financial year ending 30 June 2023, a total amount of Directors' Fees of RM350,000/- has been recommended to the shareholders for approval at the forthcoming 22nd AGM of the Company.

The following persons are the top senior management of the Company, who are also the EDs of the Company. Their remuneration packages for FYE 2022 are as disclosed above:-

- Sim Chiun Wee;
- Tan Yip Jiun;
- Peter Yap;
- Kenny Khow Chuan Wah; and
- Chong Koon Meng

PRINCIPLE B:EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

To ensure that the Company's financial statements provide a reliable representation of the Company's financial performance and position of the Company, the Board has delegated the role of overseeing the financial reporting process of the Company to the AC, which comprises solely of Independent Directors, and was chaired by Mr. Lim Peng Tong, who is a separate person from the Chair of the Board.

The TOR of the AC, which has been made available on the Company's website at https://www.cshalliance.com.my, sets out in sufficient detail the specific duties, responsibilities and authority of the AC, and is reviewed and updated periodically and as and when regulatory changes and/or changes to the strategic direction of the Company required.

The composition and details of activities carried out by the AC during the financial year are set out in the AC Report of this Annual Report.

FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The Company's financial statements, both audited and unaudited, are prepared in accordance with the requirements of the prevailing approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The AC would review the information to be disclosed in the quarterly results and year-end financial results to ensure completeness, accuracy and adequacy of the quarterly results and year-end financial results prior to recommending the same to the Board for endorsement and submission to Bursa Securities.

In reviewing the quarterly results and year-end financial results, the AC would also take extra caution of any significant adjustments that may arise from the external audit and consult the External Auditors on such matters should the need arise.

As fiduciaries of the Company, the Board ensures that the shareholders are presented with a clear, balanced and faithful representation of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results on a timely basis and in compliance with the prevailing approved accounting standards in Malaysia.

(2) Assessment of Suitability and Independence of External Auditors

For the FYE 2022, the AC has assessed the External Auditors, namely Messrs. Folks DFK & Co, vide an annual assessment of the suitability, objectivity and independence of the External Auditors in accordance with the criteria under the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors.

Upon conducting the annual evaluation of the performance of the External Auditors, the AC was satisfied with the quality of audit, competency and sufficiency of resources, and audit independence of the External Auditors in respect of the services rendered for the FYE 2022.

In addition to the above, the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors has been revised on 18 October 2022 to include requirement for a cooling-off period of at least three (3) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC to uphold the objectivity and independence of the Company's financial statements.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B:EFFECTIVE AUDIT AND RISK MANAGEMENT

II. Risk Management and Internal Control Framework

(1) Sound Framework to Manage Risks

Recognising the importance of a sound system of risk management and internal controls, the Board has delegated the oversight of the risk management of the Company to the RMC.

Besides adopting the Risk Management Strategy and Policy, the Company has also adopted an Enterprise Risk Management Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting evaluating and managing risks associated within the respective companies, in line with the agreed risk framework and accepted by the RMC and approved by the Board.

The Group had on 18 October 2022 adopted a revised Credit Policy to regulate and govern its moneylending business, as well as ensuring sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants at the same time establishing specific criteria to be met before granting of loans. Mechanisms such as issuing reminder letters, calls, and litigation processes have been established to monitor collections and minimise default risks.

The Statement on Risk Management and Internal Control of the Group, as set out on pages 145 to 148 of this Annual Report, provides an overview of the state of risk management and internal controls within the Group.

(2) Internal Audit Function

The internal audit function of the Group is outsourced to an outsourced professional service firm, namely OAC Consulting Sdn. Bhd. ("**OAC Consulting**"). To uphold the independence and objectivity of the internal audit function, the outsourced Internal Auditors report directly to the AC. Furthermore, to ensure the effectiveness of the internal audit function, the AC has also taken reasonable steps to ensure that the outsourced Internal Auditors are accorded with direct and unrestricted access to the necessary and relevant information, records, physical properties and personnel in the furtherance of the Internal Auditors' duties.

The AC also follows up closely on the implementation of recommendations by the Internal Auditors. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the 2022 Annual Report.

For the FYE 2022, the AC has assessed the performance of the Internal Auditors vide an annual assessment of the suitability of the Internal Auditors and is satisfied with the effectiveness and performance of OCA Consulting.

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

I. Communication with Stakeholders

(1) Corporate Disclosure Policy

The Board acknowledges the importance of maintaining and fostering good meaningful relationships with the Company's stakeholders and recognises that the Company's actions would affect the stakeholders in one way or another. As such, as part of the Company's endeavours to establish meaningful relationships with its stakeholders, the Company has adopted a Corporate Disclosure Policy which is available to the public on the Company's corporate website at https://www.cshalliance.com.my. Aside from establishing good investor relations, the Corporate Disclosure Policy also provides the Company with a basis for compliance with all applicable legal and regulatory requirements on the disclosure of material information.

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

I. Communication with Stakeholders (Cont'd)

(2) Official Communication Channels for Effective Dissemination of Information

The Board has adopted the following measures with regards to communication with the Company's shareholders:-

(i) Announcements to Bursa Securities

The Board takes reasonable steps to ensure that any material information and updates as well as all periodic financial reports of the Company are published on a timely basis through announcements to Bursa Securities via the dedicated website of Bursa Securities at www.bursamalaysia.com.

(ii) Corporate Website

The Company endeavours to make all publicly disclosed material information and presentations to analysts and conferences available through the Company's corporate website at https://www.cshalliance.com.my for a reasonable period of time.

The Company also has designated Investor Relations & Corporate Communications personnel who have been tasked to ensure that the Company's website is kept up-to-date with the Company's latest disclosures.

(iii) Annual Reports

The Annual Report to shareholders is also one (1) of the main channels of communication between the Company and its shareholders and stakeholders. The Annual Report, which is prepared in accordance with the MMLR, communicates comprehensive information of the financial results and activities undertaken by the Company during the financial year.

(iv) AGMs/General Meetings

The Company also seeks to provide a forum for dialogue with its shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors through the AGMs/General Meetings of the Company.

Further to the above, the Company strives to publish the minutes of the AGMs/General Meetings of the Company on the Company's website within thirty (30) business days from the day of AGMs/General Meetings.

(v) Designated Spokespersons

The Company has designated a limited number of spokespersons ("**Authorised Spokesperson**") responsible for communication with the investment community, regulators or the media. The list of the Authorised Spokespersons is as follows:-

1. Chairman;
2. Authorised Director; and/or
3. Senior Manager, Investor Relations & Corporate Communications.

Corporate Governance Overview Statement (Cont'd)

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

II. Conduct of General Meetings

(1) Shareholders' Participation at General Meetings

To encourage shareholders' participation at General Meetings, the Board would ensure that Notices of AGMs/General Meetings provide a detailed explanation for the resolutions proposed along with any background information and reports or recommendation that is relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.

In addition, to enable shareholders to plan ahead and schedule their time to attend the Company's 22nd AGM this year, the Company has provided all shareholders at least twenty-eight (28) days' notice before the date of the 22nd AGM this year.

The Board also takes cognisant that interaction with the Board at AGMs and General Meetings allows shareholders to hear directly from the Board on the Board's management of the Company's affairs and the strategic direction. As such, the Directors would take all reasonable and practicable steps to ensure their attendance at AGMs and General Meetings of the Company.

(2) Poll Voting

In line with Paragraph 8.29A of the MMLR on the requirement for poll voting for any resolution set out in the notices of general meetings, the Company had conducted its voting on all resolutions at the 21st AGM and Extraordinary General Meeting held on 29 November 2021 and 3 June 2022 respectively, by poll, to facilitate the polling process and provide a more accurate outcome of the poll results. Furthermore, to ensure a transparent polling process, an independent scrutineer was also appointed to scrutinise the polling process and verify the poll results.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors passed on 18 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS

a) Private Placement of new Ordinary Shares ("**OS**") in CSH Alliance Berhad ("**CSH**" or "**the Company**") ("**CSH Shares**")

On 17 March 2021, CSH had completed the Private Placement following the listing of 84,087,000 new CSH Shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Proceeds raised from the Private Placement had been fully utilised as of 30 June 2022 as follows:-

Description	Proposed utilisation RM'000	Actual utilisation as at 30 June 2022 RM'000	Deviation RM'000	%
Moneylending business	6,000	6,000	–	–
Glove business	4,000	4,000	–	–
Working capital	7,177	7,177	–	–
Expenses for the Private Placement	145	145	–	–
	17,322	**17,322**		

b) Rights issue of OS with free detachable warrants ("**Rights Issue**")

On 26 January 2022, the Company had completed a rights issue of 690,705,280 new OS together with 690,705,280 free detachable warrants and raised total gross proceeds of RM103.61 million to be utilised in the manner as set out in the Circular to Shareholders of CSH dated 23 August 2021, as approved by the shareholders of CSH at the Extraordinary General Meeting ("**EGM**") held on 22 September 2021. Subsequently, on 8 April 2022, the Company announced its intention to vary the utilisation of the proceeds raised from the Rights Issue as set out in the Circular to Shareholders of CSH dated 19 May 2022, as approved by the shareholders of CSH at the EGM held on 3 June 2022.

The details of proceeds raised from corporate proposals above as at 30 June 2022 are disclosed in the table below:-

Description	Proposed/ Revised utilisation RM'000	Actual utilisation as at 30 June 2022 RM'000	Balance of proceeds RM'000	Intended timeframe of utilisation
Transportation and logistics business	23,869	–	23,869	Within 36 months
Electrical vehicles business	20,000	–	20,000	Within 24 months
Financial services business	56,100	19,459	36,641	Within 24 months
Working capital	2,947	2,580	367	Within 18 months
Expenses for corporate exercise	690[1]	690	–	Immediate
	103,606	**22,729**	**80,887**	

Note:-

1 The surplus of RM24,000 from the expenses for the corporate exercises had been allocated to the working capital of the Company and its subsidiaries ("**CSH Group**").

Additional Compliance Information (Cont'd)

2. AUDIT AND NON-AUDIT FEES

The amounts of audit and non-audit fees paid or payable to the Company's auditors for the financial year ended 30 June 2022 are as follows:-

	Company RM	Group RM
Audit fees	65,000	243,000
Non-audit fees	31,000	31,000
Total	**96,000**	**274,000**

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or by any of its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, or Major Shareholders either still subsisting at the end of the financial year ended 30 June 2022, or if not then subsisting, entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

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

Transacting parties	Nature of transactions	The aggregate value of transactions from 1 July 2021 to 30 June 2022 (RM'000)	Interested related parties
ChipSeng Heng Enterprise Sdn. Bhd. ("**ChipSeng Heng Enterprise**") and CSH Group	Renting of trucks	985	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng Holdings Sdn Bhd ("**ChipSengHeng**")
ChipSeng Heng Enterprise and CSH Group	Provision of haulage and transportation services as well as other related logistics services	8,777	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng
ChipSeng Heng Enterprise and CSH Group	Purchase of trucks (Prime mover/Rigid) to provide haulage and hub-to-hub delivery services by transporting customers' goods between hubs	–	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng
Line Clear Express & Logistics Sdn. Bhd.[3] ("**LCEL**") and CSH Group	Renting of trucks	510	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings Berhad ("**MMAG Holdings**")

Additional Compliance Information (Cont'd)

4. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

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

Transacting parties	Nature of transactions	The aggregate value of transactions from 1 July 2021 to 30 June 2022 (RM'000)	Interested related parties
CSH Solutions Sdn. Bhd. and MMAG Holdings and its subsidiaries ("**MMAG Group**")	Provision of Information Technology ("**IT**") solutions/ platform, known as "Premier Integrated Parcel Autonomous" System related to logistics business process as well as other IT related services to MMAG Group	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
CSH Group and MMAG Group	Provision of haulage and transportation services as well as other related logistics services to MMAG Group	15,233	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
L.T.S. Haulage Sdn. Bhd. ("**LTS**") and CSH Group	Provision of haulage and transportation services as well as other related logistics services to CSH Group	1,693	Chan Pak Keong[7]
MMAG Group and CSH Group	Provision of Last Mile Logistics and other related logistics services	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
CSH Group and MMAG Group	Supply of packaging materials for logistics services to MMAG Group	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and CSH Group	Purchase of trucks (Prime mover/Rigid) to provide haulage and hub-to-hub delivery services by transporting customers' goods between hubs	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and Alliance EV Sdn. Bhd. ("**AEV**")	Sales of motor vehicles and electric vehicles	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and AEV	Provision of after-sales services, including but not limited to maintenance, warranty packages, supplying of charging services, spare parts and etc.	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings

Additional Compliance Information (Cont'd)

4. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

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

Transacting parties	Nature of transactions	The aggregate value of transactions from 1 July 2021 to 30 June 2022 (RM'000)	Interested related parties
LCEL and CSH Priority Sdn. Bhd.	Provision of hire purchase financing	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and CSH Network Capital Sdn. Bhd.	Provision of money lending financing	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
MMAG Group and CSH Group	Provision of rental of office and related administrative and maintenance services	298	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
MMAG Group and CSH Group	Rental of office space located at Level 2, No. 3, Jalan TP2, Taman Perindustrian UEP Subang Jaya, 47600 Subang Jaya, Selangor Darul Ehsan inclusive of utilities and other miscellaneous expenses	25	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings

Nature of relationships:-

1. *Tan Yip Jiun, being an Executive Director and a Major Shareholder of the Company via his indirect shareholdings in the Company through ChipSengHeng (a major shareholder of the Company), is also a Director and Major Shareholder of ChipSeng Heng Enterprise.*
2. *Tan Yow Hua, who is the father of Tan Yip Jiun and a Major Shareholder of the Company via his indirect shareholdings in the Company through ChipSengHeng (a major shareholder of the Company), is also a Director and Major Shareholder of ChipSeng Heng Enterprise.*
3. *LCEL is an 85% owned subsidiary of MMAG Holdings., while the remaining 15% is held by the Company.*
4. *Kenny Khow Chuan Wah, being an Executive Director of the Company, is also an Executive Director of MMAG Holdings.*
5. *Chong Koon Meng, being an Executive Director and shareholder with a shareholding of less than 1% in both the Company and MMAG Holdings.*
6. *MMAG Holdings and Chan Swee Ying (who has a substantial interest in MMAG Holdings) are substantial shareholders of the Company.*
7. *Chan Pak Keong was an Executive Director of the Company who had resigned on 30 August 2021. He is also a Director and a Major Shareholder of LTS.*

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

CSH Alliance Berhad ("**CSH**" or "**the Company**") is required under Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to ensure that its Board of Directors ("**Board**") makes a statement explaining the Board's responsibility for preparing the annual audited financial statements.

CSH and its subsidiaries ("**the Group**")'s consolidated annual audited financial statements for the financial year ended 30 June 2022 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("**CA 2016**") to give a true and fair view of the affairs of the Group and of the Company. The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 30 June 2022.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:-

- ensure the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- ensure that applicable approved accounting standards have been followed;
- where applicable, judgments and estimates are made on a reasonable and prudent basis; and
- upon due inquiry into the state of affairs of the Group and of the Company, there are no material matters that may affect the ability of the Group and the of Company to continue in business on a going concern basis.

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Securities in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Group maintains accounting records that disclose with reasonable accuracy the financial position of the Group, and which enable the Board to ensure the financial statements comply with the CA 2016.

The Board has taken the necessary steps that are reasonably available to the Board to safeguard the Group's assets and prevent and detect fraud and other irregularities.

This Statement of Directors' Responsibility in preparing the financial statements was approved by the Board on 18 October 2022.

CSH ALLIANCE BERHAD
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FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities and the details of the subsidiaries are set out in Note 8.2 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year attributable to owners of the Company	(8,039,733)	(10,874,266)

RESERVES AND PROVISIONS

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

SHARE CAPITAL

On 20 January 2022, the Company issued 690,705,280 new ordinary shares ("the Rights Shares") pursuant to a renounceable rights issue exercise on the basis of one (1) Rights Share for every one (1) existing ordinary share held in the Company at an issue price of RM0.15 per Rights Share together with 690,705,280 free detachable warrants ("the Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for ("the Rights Issue Exercise"). The Rights Issue Exercise has raised a total cash proceeds of RM103,605,792.

The movements in the issued and paid-up share capital of the Company during the financial year are further disclosed in Note 16.1 to the financial statements.

All the new ordinary shares issued pursuant to the Rights Issue Exercise rank pari passu in all respects with the existing issued ordinary shares of the Company. The Rights Shares together with the Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 26 January 2022.

DIVIDENDS

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS 2022/2027

On 20 January 2022, the Company issued 690,705,280 free detachable warrants ("Warrants 2022/2027") pursuant to the Rights Issue Exercise as described in *Share Capital* section above. Warrants 2022/2027, which were constituted under the Deed Poll dated 7 December 2021, shall expire on 19 January 2027 ("the Exercise Period"). Each Warrant 2022/2027 entitles the registered holder, at any time during the Exercise Period, to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.15 per Warrant 2022/2027. Any Warrants 2022/2027 not exercised by the date of maturity will thereafter lapse and cease to be valid for all purposes.

The new ordinary shares issued from the exercise of Warrants 2022/2027 shall rank pari passu in all respects with the existing ordinary shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions, where the entitlement date is before the date of allotment and issuance of the new ordinary shares arising from the exercise of Warrants 2022/2027.

Warrants 2022/2027 were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 26 January 2022. None of Warrants 2022/2027 were exercised during the financial year.

DIRECTORS

The names of the Directors of the Company who held office since the beginning of the financial year to the date of this report are as follows:-

Ahmad Ruslan Zahari bin Zakaria	
Lim Peng Tong	
Ng Keok Chai	
Sim Chiun Wee	
Tan Yip Jiun	
Peter Yap	
Kenny Khow Chuan Wah	
Chong Koon Meng	*(Appointed on 7 February 2022)*
Chan Pak Keong	*(Resigned on 31 August 2021)*

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are as follows:-

Fan Shue King	
Sim Chiun Wee	
Goh Hui Chen	
Kenny Khow Chuan Wah	
Yap Yee Siew Audrey	
Tan Yip Jiun	
Peter Yap	
Wong Chee Jiun	
Wong Teck Fatt	
Lim Zhen Yi	*(Appointed on 1 July 2022)*
Wang Yu	*(Appointed on 27 September 2022)*
Leong Seng Wui	*(Resigned on 27 September 2022)*

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in ordinary shares in the Company and in Warrants 2022/2027 during the financial year were as follows:-

	Number of ordinary shares			
	As at 01.07.2021/ Date of appointment	During the financial year Acquired	Disposed	As at 30.06.2022
Tan Yip Jiun - Indirect *	84,087,000	84,087,000	–	168,174,000
Chong Koon Meng - Direct	1,000,000	–	–	1,000,000

	Number of Warrants 2022/2027			
	As at 01.07.2021/ Date of appointment	During the financial year Granted	Disposed	As at 30.06.2022
Tan Yip Jiun - Indirect *	–	84,087,000	–	84,087,000
Chong Koon Meng - Direct	650,000	–	–	650,000

* *Deemed interested by virtue of his shareholdings in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

By virtue of his interests in shares in the Company, Tan Yip Jiun is also deemed to be interested in shares of the wholly-owned subsidiaries of the Company.

Other than as disclosed above, no other Directors in office at the end of the financial year held any interests, direct or indirect, in shares, debentures and Warrants 2022/2027 of the Company and its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed in the *Directors' Remuneration* section below) by reason of a contract made by the Company or a related corporation with the Director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 29 to the financial statements.

As at the end of the financial year and during the financial year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report
(Cont'd)

DIRECTORS' REMUNERATION

The remuneration received or receivable by the Directors of the Company from the Company and its subsidiaries during the financial year are as follows:-

	Received or receivable from		
	The Company RM	Subsidiaries RM	Total RM
Fees	273,000	–	273,000
Other remuneration	4,500	661,234	665,734
	277,500	661,234	938,734

No indemnity was given to nor was there any insurance effected for the Directors or officers of the Group and of the Company during the financial year.

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year are RM274,000 and RM96,000 respectively.

No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) which would render the amount written off for bad debts and the amount of allowance made for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

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

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

(iv) 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.

OTHER STATUTORY INFORMATION (CONT'D)

(c) As at the date of this report, there does not exist:-

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

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

(d) In the opinion of the Directors:-

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

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

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

MATERIAL EVENTS DURING THE FINANCIAL YEAR

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

MATERIAL EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Material event subsequent to the financial year end is disclosed in Note 36 to the financial statements.

On behalf of the Board of Directors,

SIM CHIUN WEE	**KENNY KHOW CHUAN WAH**
Director	Director

This report is made pursuant to the directors' resolution passed on 18 October 2022.

Date: 18 October 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	24,518,511	30,153,534	27,720	7,726,644
Investment properties	5	25,602,368	22,187,000	–	–
Right-of-use assets	6.1	98,453	2,658,196	–	–
Intangible asset	7	21,255,556	24,722,222	–	–
Investments in subsidiaries	8	–	–	12,357,282	9,913,220
Goodwill	9	1,984,468	1,984,468	–	–
Other investment	10	22,000,000	22,000,000	22,000,000	22,000,000
Financing receivables	11	904,217	16,820,160	–	–
Amount due from subsidiaries	14	–	–	241,102,959	57,613,664
		96,363,573	120,525,580	275,487,961	97,253,528
Current Assets					
Inventories	12	9,354,017	13,118,525	–	–
Financing receivables	11	178,572,493	65,910,918	–	–
Trade and other receivables	13	21,231,552	20,312,789	243,450	16,597
Amount due from subsidiaries	14	–	–	15,449,657	131,005,213
Tax recoverable		317,792	101,446	–	–
Fixed and short-term deposits, cash and bank balances	15	112,810,015	101,956,416	92,605,398	63,377,763
		322,285,869	201,400,094	108,298,505	194,399,573
Total Assets		418,649,442	321,925,674	383,786,466	291,653,101

The notes set out on pages 59 to 134 form an integral part of these financial statements

Statements Of Financial Position (Cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	396,790,911	336,906,763	396,790,911	336,906,763
Accumulated losses		(34,372,635)	(26,332,902)	(60,073,607)	(49,199,341)
Warrants reserve	17	43,721,644	–	43,721,644	–
Total Equity		406,139,920	310,573,861	380,438,948	287,707,422
Non-current Liabilities					
Lease liabilities	6.2	42,761	125,298	–	–
Hire-purchase payables	18	42,579	17,328	–	–
Deferred tax liabilities	19	2,056,879	2,120,456	–	–
		2,142,219	2,263,082	–	–
Current Liabilities					
Lease liabilities	6.2	58,765	2,567,627	–	–
Hire-purchase payables	18	40,618	24,674	–	–
Trade and other payables	20	9,302,350	6,214,361	164,047	372,839
Amount due to directors	21	–	3,931	–	–
Amount due to subsidiaries	14	–	–	3,060,585	3,572,840
Taxation		965,570	278,138	122,886	–
		10,367,303	9,088,731	3,347,518	3,945,679
Total Liabilities		12,509,522	11,351,813	3,347,518	3,945,679
Total Equity and Liabilities		418,649,442	321,925,674	383,786,466	291,653,101

The notes set out on pages 59 to 134 form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM	Group Restated 2021 RM	Company 2022 RM	Company Restated 2021 RM
Revenue	22	37,265,257	16,916,447	–	–
Cost of sales		(30,252,196)	(11,231,188)	–	–
Gross profit		7,013,061	5,685,259	–	–
Other income		1,622,843	865,327	2,919,807	2,592,075
Selling and distribution costs		(725,353)	(475,320)	–	–
Administrative expenses		(10,436,147)	(7,662,063)	(1,575,816)	(2,167,921)
Net impairment losses on financial assets	24	(744,500)	(2,872,183)	(9,507,000)	(2,870,683)
Other expenses		(3,752,508)	(11,835,237)	(2,588,371)	(33,945,013)
Operating loss		(7,022,604)	(16,294,217)	(10,751,380)	(36,391,542)
Finance costs	23	(62,308)	(69,541)	–	–
Loss before taxation	24	(7,084,912)	(16,363,758)	(10,751,380)	(36,391,542)
Taxation	25	(954,821)	(272,903)	(122,886)	–
Loss for the financial year		(8,039,733)	(16,636,661)	(10,874,266)	(36,391,542)
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Reclassification of exchange translation difference to profit or loss on de-registration of a foreign subsidiary		–	(227,684)	–	–
Total other comprehensive loss for the financial year		–	(227,684)	–	–
Total comprehensive loss for the financial year		(8,039,733)	(16,864,345)	(10,874,266)	(36,391,542)
Loss for the financial year attributable to:					
Owners of the Company		(8,039,733)	(16,636,661)	(10,874,266)	(36,391,542)
Total comprehensive loss for the financial year attributable to:					
Owners of the Company		(8,039,733)	(16,864,345)	(10,874,266)	(36,391,542)
Loss per share attributable to owners of the Company (sen)					
Basic, from loss for the financial year	26.1	(0.81)	(4.42)		
Diluted, from loss for the financial year	26.2	(0.81)	(4.42)		

The notes set out on pages 59 to 134 form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Attributable to Owners of the Company			
	Non-distributable			
	Share Capital RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Group - 2022				
Balance at 1 July 2021	336,906,763	–	(26,332,902)	310,573,861
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(8,039,733)	(8,039,733)
Issuance of ordinary shares pursuant to a renounceable rights issue exercise together with free detachable warrants (Note 16.1)	59,884,148	43,721,644	–	103,605,792
Balance at 30 June 2022	396,790,911	43,721,644	(34,372,635)	406,139,920

	Attributable to Owners of the Company					
	Non-distributable					
	Share Capital					
	Ordinary Shares RM	ICPS * RM	Warrants Reserve RM	Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
Group - 2021						
Balance at 1 July 2020	106,499,700	12,340,818	1,003,710	227,684	(10,699,944)	109,371,968
Loss for the financial year	–	–	–	–	(16,636,661)	(16,636,661)
Reclassification of exchange translation difference to profit or loss on the de-registration of a foreign subsidiary	–	–	–	(227,684)	–	(227,684)
Total comprehensive loss for the financial year	–	–	–	(227,684)	(16,636,661)	(16,864,345)
Issuance of ordinary shares pursuant to:						
- conversion of ICPS *	213,084,954	(12,340,818)	–	–	–	200,744,136
- a private placement exercise	17,321,922	–	–	–	–	17,321,922
- exercise of Warrants	187	–	(7)	–	–	180
Warrants expired	–	–	(1,003,703)	–	1,003,703	–
Balance at 30 June 2021	336,906,763	–	–	–	(26,332,902)	310,573,861

* *Irredeemable convertible preference shares*

The notes set out on pages 59 to 134 form an integral part of these financial statements

Statements Of Changes In Equity (Cont'd)

	Non-distributable				
	Share Capital				
	Ordinary Shares RM	ICPS* RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Company - 2022					
Balance at 1 July 2021	336,906,763	–	–	(49,199,341)	287,707,422
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	–	(10,874,266)	(10,874,266)
Issuance of ordinary shares pursuant to a renounceable rights issue exercise together with free detachable warrants (Note 16.1)	59,884,148	–	43,721,644	–	103,605,792
Balance at 30 June 2022	396,790,911	–	43,721,644	(60,073,607)	380,438,948
Company - 2021					
Balance at 1 July 2020	106,499,700	12,340,818	1,003,710	(13,811,502)	106,032,726
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	–	(36,391,542)	(36,391,542)
Issuance of ordinary shares pursuant to:					
- conversion of ICPS *	213,084,954	(12,340,818)	–	–	200,744,136
- a private placement exercise	17,321,922	–	–	–	17,321,922
- exercise of Warrants	187	–	(7)	–	180
Warrants expired	–	–	(1,003,703)	1,003,703	–
Balance at 30 June 2021	336,906,763	–	–	(49,199,341)	287,707,422

* *Irredeemable convertible preference shares*

The notes set out on pages 59 to 134 form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
Loss before taxation	(7,084,912)	(16,363,758)	(10,751,380)	(36,391,542)
Adjustments for:-				
Amortisation of intangible asset	1,666,666	277,778	–	–
Bad debts written off	5,702	15,538	–	–
Depreciation in respect of assets under lease included within:				
- Property, plant and equipment	67,824	68,259	–	–
- Investment properties	235,615	235,615	–	–
- Right-of-use assets	1,762,852	1,343,131	–	–
Depreciation of own:				
- Property, plant and equipment	1,064,152	873,975	20,310	24,140
- Investment properties	6,745	–	–	–
Gain on de-registration of a foreign subsidiary	–	(211,932)	–	–
Gain on termination of lease contracts	(45,820)	–	–	–
Impairment losses/(Reversal of impairment loss) on:				
- Property, plant and equipment	–	200,000	–	200,000
- Investment properties	(648,615)	721,545	–	–
- Intangible asset	1,800,000	–	–	–
- Investments in subsidiaries	–	–	2,556,038	22,050,600
- Financial assets	744,500	2,872,183	9,507,000	2,870,683
Interest income	(663,720)	(110,395)	(564,873)	(2,028)
Interest expense	62,308	69,541	–	–
Net write down in value of inventories	1,968,107	37,621	–	–
Net loss/(gain) on disposal of property, plant and equipment	14,733	(6,833)	32,333	–
Net unrealised gain on foreign exchange	(12,416)	(126,496)	–	–
Net loss on disposals of subsidiaries	–	10,801,667	–	4,399,900
Property, plant and equipment written off	69	4,388	–	2,479
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	(2,354,934)	(2,478,882)
Unwinding of discount on other receivables measured at amortised cost	–	(106,896)	–	(106,896)
Amount due from subsidiaries written off upon disposal/de-registration	–	–	–	7,292,034
Operating profit/(loss) before working capital changes carried forward	943,790	594,931	(1,555,506)	(2,139,512)

The notes set out on pages 59 to 134 form an integral part of these financial statements

Statements Of Cash Flows (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities (Cont'd)				
Operating profit/(loss) before working capital changes brought forward	943,790	594,931	(1,555,506)	(2,139,512)
Increase in financing receivables	(96,745,632)	(75,231,865)	–	–
Decrease/(Increase) in inventories	1,796,401	(852,633)	–	–
(Increase)/Decrease in trade and other receivables	(1,656,549)	(7,279,427)	(226,853)	1,605,865
Increase/(Decrease) in trade and other payables	3,087,989	3,093,996	(208,792)	120,130
Cash utilised in operations	(92,574,001)	(79,674,998)	(1,991,151)	(413,517)
Interest paid	(62,308)	(69,541)	–	–
Tax paid	(522,262)	(250,434)	–	–
Real Property Gains Tax paid	(25,050)	–	–	–
Net cash used in operating activities	(93,183,621)	(79,994,973)	(1,991,151)	(413,517)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 27.1)	(3,101,245)	(1,584,371)	(3,719)	(26,096)
Proceeds from disposal of property, plant and equipment	7,667,600	–	7,650,000	–
Purchase of investment properties (Note 5)	(3,009,113)	–	–	–
Purchase of intangible asset (Note 7)	–	(25,000,000)	–	–
Incorporation of subsidiaries (Notes 8.3 and 8.5)	–	–	(1,100)	(200)
Subscriptions to additional shares in subsidiaries (Notes 8.3 and 8.5)	–	–	(4,999,000)	(99,900)
Acquisitions of subsidiaries (Note 8.4)	–	(2,936,514)	–	(3,100,000)
Net cash (outflow)/inflow from disposals of subsidiaries (Note 8.7)	–	(460)	–	200
Investment in unquoted equity shares	–	(22,000,000)	–	(22,000,000)
Net advances to subsidiaries	–	–	(75,085,805)	(131,730,295)
Interest received	663,720	110,395	564,873	2,028
Net cash from/(used in) investing activities	2,220,962	(51,410,950)	(71,874,751)	(156,954,263)

The notes set out on pages 59 to 134 form an integral part of these financial statements

Statements Of Cash Flows (Cont'd)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash flows from financing activities				
Increase in fixed deposits pledged as security	(10,965)	(15,083)	–	–
Proceeds from shares issued pursuant to a renounceable rights issue exercise (Note 16.1)	103,605,792	–	103,605,792	–
Proceeds from shares issued pursuant to exercise of Warrants	–	180	–	180
Proceeds from shares issued pursuant to a private placement exercise	–	17,321,922	–	17,321,922
Proceeds from shares issued pursuant to conversion of Irredeemable Convertible Preference Shares	–	200,744,136	–	200,744,136
Repayment of lease liabilities (Note 6.3)	(1,748,688)	(1,329,339)	–	–
Hire-purchase instalments paid (Note 27.2)	(36,915)	(30,795)	–	–
(Repayment to)/Advances from directors (Note 27.2)	(3,931)	2,930	–	–
(Repayment to)/Advances from subsidiaries (Note 27.2)	–	–	(512,255)	298,358
Net cash from financing activities	101,805,293	216,693,951	103,093,537	218,364,596
Net increase in cash and cash equivalents	10,842,634	85,288,028	29,227,635	60,996,816
Cash and cash equivalents at beginning of financial year	101,307,572	16,035,296	63,377,763	2,380,947
Net exchange differences	–	(15,752)	–	–
Cash and cash equivalents at end of financial year (Note 27.3)	112,150,206	101,307,572	92,605,398	63,377,763

The notes set out on pages 59 to 134 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022

1. GENERAL INFORMATION

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

Its registered office is located at Level 7, Menara Milennium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur and the principal place of business is located at Level 2, No 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. The principal activities and the details of the subsidiaries are set out in Note 8.2.

These financial statements comprise the consolidated financial statements and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors on 18 October 2022.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the accounting pronouncements as disclosed in Note 2.2 below.

2.2 Application of Accounting Pronouncements

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) which are effective for accounting period beginning on or after 1 July 2021:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2 *(effective on 1 January 2021)*
Amendment to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 *(effective on 1 April 2021)*

The initial application of amendments to MFRSs did not have any significant impact on the Group's and the Company's financial statements for the current and prior financial periods.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective:-

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020":
- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9, Financial Instruments
- Amendment to MFRS 16, Leases
- Amendment to MFRS 141, Agriculture

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after a date to be determined by the MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and the adoption is not expected to have any material impact on the Group's and on the Company's financial statements in the period of initial application.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group:-

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Subsidiaries are consolidated using the acquisition method as explained in Note 2.5 and consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (Cont'd)

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The accounting policy for goodwill is set out in Note 2.6. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.7.2 Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of foreign currency non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are recognised to other comprehensive income.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign Currencies (Cont'd)

2.7.3 Foreign operations

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

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property, Plant and Equipment (Cont'd)

Freehold land and capital work-in-progress are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows:-

Buildings	Over remaining useful lives of between 34 and 50 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years
Plant and machinery	5 years
Renovation	5 years

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12.

An item of property, plant and equipment is derecognised upon 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 net carrying amount is recognised in profit or loss.

2.10 Investment Properties

Investment properties are land and/or buildings which are held for rental yields or for capital appreciation or for both or land held for a currently undetermined future use. The investment properties are initially measured at cost, including direct transaction costs and borrowing costs if the investment properties meet the definition of a qualifying asset.

The investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Investment in freehold land is stated at cost and is not depreciated. In respect of acquired leasehold properties, the depreciation policy is disclosed in Note 2.16.1. Investment properties are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the period of the retirement or disposal.

2.11 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than investment properties that are accounted for in accordance with fair value model, deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, contract assets and assets arising from costs to obtain or fulfil a contract, deferred tax assets, investment property that is measured at fair value and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

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

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.13 Inventories

2.13.1 Property development costs

Property development costs comprise cost of land and related acquisition costs and all costs that are directly attributable to development activities less cumulative amount recognised as expense in the profit or loss. Cost includes interest on borrowings used to finance the property development projects and other direct expenditure and related overheads incurred in the process of development. Property development costs are stated at the lower of costs and net realisable value.

On completion of development, property development costs of unsold units are transferred to completed development units.

2.13.2 Completed development units held for sale

Inventories of completed development units and held for sale are stated at the lower of cost and net realisable value. Costs comprise cost of land and related development costs and are allocated to each unit based on the relative sale value of the properties.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Inventories (Cont'd)

2.13.3 Raw materials, work-in-progress and finished goods

These inventories comprised only ceramic products and are measured at the lower of cost and net realisable value.

Cost of raw materials and finished goods is determined on the first-in, first-out basis. In the case of work-in-progress and finished goods, cost includes costs of materials, direct labour and attributable production overheads that are based on normal operating capacity.

2.13.4 Net realisable value

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

2.14 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. Contract assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of financial assets as disclosed in Note 2.18.4.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.15 Contract Costs

Contract costs are recognised as an asset when the following criteria are met:-

(a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.

(b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases

2.16.1 The Group as a lessee

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

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability.

Depreciation for right-of-use asset is calculated using the straight-line method and commences from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets of the Group comprise acquired leasehold land and buildings which are included under the line items of Property, Plant and Equipment (Note 4) and Investment Properties (Note 5) and assets on lease (Note 6). The depreciation rates of the right-of-use assets are as follows:-

Leasehold land	Between 50 and 97 years
Leasehold buildings	50 years
Buildings on lease	Between 24 and 36 months
Fleet of trucks on lease	12 months

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:-

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payment that does not depend on an index or a rate is recognised as an expense in the period in which it is incurred.

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and which is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

2.16.1 The Group as a lessee (Cont'd)

The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied all of the following conditions:-

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects on payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

If a rent concession does not result in a lease modification, the Group accounts for the change in lease payments as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs.

If a rent concession result in a lease modification, the Group accounts the rent concession as either a new lease or as a remeasurement of an existing lease.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.16.2 The Group as a lessor

Leases for which the Group is a lessor are classified as finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The finance income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in obtaining an operating lease are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.17 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Intangible Assets (Cont'd)

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

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

The intangible asset of the Group is intellectual property rights of IT solution/platform related to logistics business process and is estimated to have a useful life of 15 years.

2.18 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.18.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets:-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories:-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition:-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition:-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2.18.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.4 Impairment of financial assets and contract assets

The Group recognises loss allowance for expected credit losses ("ECLs") on contracts assets and the following financial assets:-

(a) financial assets measured at amortised cost; and

(b) debt instruments measured at fair value through other comprehensive income ("FVOCI").

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL.

For trade receivables, the Group applies a simplified approach in measuring ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

2.19 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Share Capital

2.20.1 Ordinary shares

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.20.2 Preference shares

Redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. The non-discretionary dividends are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity as they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Discretionary dividends are recognised as distribution within equity.

2.21 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.21.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. The Group does not have any financial liabilities at fair value through profit or loss.

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method and any gain or loss is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.21.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a 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.

2.22 Offsetting Financial Instruments

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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 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 specified 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 a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

2.24 Employee Benefits

2.24.1 Short-term employee benefits

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

2.24.2 Post-employment benefits

Defined contribution plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

2.24.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.25 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Income Taxes (Cont'd)

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.26 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and 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 time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.27 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of qualifying assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

2.29 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 relating to transactions with other components of the Group. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.30 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.31 Revenue from Contracts with Customers

The Company recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Depending on the terms of a contract with customer, control may transfer over time or at a point in time.

The Group satisfies a performance obligation over time and therefore transfers control of a good or service over time if the Group's performance:-

(i) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or

(ii) creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) provides benefits that the customer simultaneously receives and consumes as the Group performs.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Revenue from Contracts with Customers (Cont'd)

Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

There is no significant financing component in contracts with customers as the payment terms is less than twelve (12) months from the date of billings. Therefore, no adjustment is made to the promised amount of consideration for the effects of time value of money.

The Group recognises revenue from the following business activities:-

(a) Manufacture and sales of pottery, ceramic, porcelain and related products

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The normal credit term is 30 to 90 days upon delivery. Revenue is recognised based on the amount specified in the contract, net of discounts, if any.

A receivable is recognised when the products 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) Haulage and hub-to-hub delivery services

Revenue from haulage and hub-to-hub delivery services is recognised in the reporting period in which the services are rendered and the Group has a present right to the payment for the services.

(c) Construction contracts

The Group constructs properties under long-term contracts with customers who are property developers. The constructions are on the land owned by the customers. Revenue from property construction is recognised over time using the input method which is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under MFRS 15. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

The Group becomes entitled to invoice customers for construction of properties based on a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work certified by a third party assessor and a progress billing for the related milestone payment. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is billed to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than twelve (12) months.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Revenue from Contracts with Customers (Cont'd)

The Group recognises revenue from the following business activities (Cont'd):-

(d) Property development

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

Revenue is measured at the fixed transaction price agreed under the sale and purchase agreements less variable considerations such as discounts, rebates and incentives, and consideration payable to customers.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue in respect of unit sold over time using the input method which is based the stage of completion determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

2.32 Revenue from Other Sources and Other Income

(a) Financing receivables

Interest income on financing receivables is recognised in profit or loss using the effective interest rate ("EIR") method.

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

(b) Interest income

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

(c) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment, investment properties, right-of-use assets, intangible asset and investments in subsidiaries

The Group assesses impairment of property, plant and equipment, investment properties, right-of-use assets, intangible asset and investments in subsidiaries when the events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs of disposal or expected value in use of the relevant assets. The carrying amounts of these assets are disclosed in Notes 4, 5, 6, 7 and 8.

(b) Useful life of intangible asset

This relates to the Group's intellectual property rights of IT solution/platform as disclosed in Note 7. The Group estimates the useful life of the intellectual property rights to be 15 years which is based on a sub-licensing agreement entered into between the Group and its customer. The initial sub-licensing period is for 10 years and the sub-licensing agreement provides for an extension option to renew for another 5 years. A significant assumption has been made by the Group that it is reasonably certain that the Group and the customer will exercise the extension option.

(c) Impairment of goodwill

The Group performs an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash generating unit ("CGU") to which the goodwill has been allocated. The measurement of the recoverable amount of CGU is determined based on the value in use method which requires the management to estimate the future cash flows expected to arise from the CGU's ongoing operations, the growth rate that reflects the management's expected future performance and a suitable discount rate in order to calculate the present value. The relevant information and assumptions are disclosed in Note 9.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(d) Valuation of unquoted equity investment classified as financial asset at fair value through other comprehensive income

In respect of unquoted equity investment where fair value is not available from active markets, the fair value is measured using a valuation technique which involves significant judgement to estimate the expected future cash flows and an appropriate discount rate in order to calculate the present value of the future cash flows as further explained in Note 33.2(a). The fair value of the unquoted equity investment is disclosed in Note 10.

(e) Measurement of expected credit loss allowances on trade receivables

The Group applies a simplified approach in measuring loss allowances on expected credit losses ("ECLs") for trade receivables. The measurement requires the use of significant assumptions about risk of default and expected loss rate and the future economic conditions.

The expected loss rates are based on the payment profiles of its customers in relation to the invoices issued for sales of goods and services rendered over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within those periods.

The historical loss rates are then adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. When the historical observed loss rates vary from the original estimates, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables and the cumulative allowance for impairment losses are disclosed in Note 13.1.

(f) Measurement of expected credit loss allowances on financing receivables, other receivables and deposits and amount due from subsidiaries

The Group applies general approach in measuring loss allowances for financing receivables, other receivables and deposits. The methodology used to measure the loss allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financing receivables, other receivables and deposits. In respect of the amount due from subsidiaries, the Company uses a similar methodology in measuring the loss allowance.

Where the credit risk varies from the original estimates, such difference will impact the carrying value of the financing receivables, other receivables and deposits and the amount due from subsidiaries. The carrying amounts of financing receivables, other receivables and deposits are disclosed in Notes 11, 13.2 and 13.3 respectively. The amount due from subsidiaries is disclosed in Note 14.

4. PROPERTY, PLANT AND EQUIPMENT

(a) The movements of property, plant and equipment during the financial year were as follows:-

Group - 2022

	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4(b)) RM	Total RM
Costs									
At beginning of financial year	9,290,000	18,523,451	1,576,122	4,705,669	872,305	733,128	1,520,000	5,613,570	42,834,245
Additions	–	–	24,600	530,020	1,454,109	211,413	959,213	–	3,179,355
Disposals	(5,850,000)	(530,000)	–	(33,778)	–	–	(1,520,000)	–	(7,933,778)
Write-off	–	–	–	–	–	(148)	–	–	(148)
At end of financial year	3,440,000	17,993,451	1,600,722	5,201,911	2,326,414	944,393	959,213	5,613,570	38,079,674
Accumulated depreciation									
At beginning of financial year	–	4,812,633	392,636	4,275,803	840,460	638,369	–	736,270	11,696,171
Charge for the financial year	–	470,188	268,555	210,482	57,822	57,105	–	67,824	1,131,976
Disposals	–	(17,667)	–	(33,778)	–	–	–	–	(51,445)
Write-off	–	–	–	–	–	(79)	–	–	(79)
At end of financial year	–	5,265,154	661,191	4,452,507	898,282	695,395	–	804,094	12,776,623
Accumulated impairment losses									
At beginning of financial year	–	594,540	–	190,000	–	–	200,000	–	984,540
Disposals	–	–	–	–	–	–	(200,000)	–	(200,000)
At end of financial year	–	594,540	–	190,000	–	–	–	–	784,540
Carrying amounts as at 30 June 2022	3,440,000	12,133,757	939,531	559,404	1,428,132	248,998	959,213	4,809,476	24,518,511

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

(a) The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Group - 2021

	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4(b)) RM	Total RM
Costs									
At beginning of financial year	4,740,000	20,093,451	321,594	4,549,827	1,169,291	683,103	4,522,939	7,238,999	43,319,204
Additions	–	–	1,254,528	256,726	–	73,117	–	–	1,584,371
Reclassification	4,550,000	(1,570,000)	–	–	–	–	(2,980,000)	–	–
Disposal of a subsidiary	–	–	–	–	–	(7,601)	–	–	(7,601)
De-registration of a foreign subsidiary	–	–	–	(100,884)	(58,812)	–	(22,939)	(1,625,429)	(1,808,064)
Disposals	–	–	–	–	(238,174)	–	–	–	(238,174)
Write-off	–	–	–	–	–	(15,491)	–	–	(15,491)
At end of financial year	9,290,000	18,523,451	1,576,122	4,705,669	872,305	733,128	1,520,000	5,613,570	42,834,245
Accumulated depreciation									
At beginning of financial year	–	4,342,374	274,979	4,115,754	1,106,057	625,661	–	1,341,044	11,805,869
Charge for the financial year	–	470,259	117,657	237,102	21,219	27,738	–	68,259	942,234
Disposal of a subsidiary	–	–	–	–	–	(3,927)	–	–	(3,927)
De-registration of a foreign subsidiary	–	–	–	(77,053)	(48,642)	–	–	(673,033)	(798,728)
Disposals	–	–	–	–	(238,174)	–	–	–	(238,174)
Write-off	–	–	–	–	–	(11,103)	–	–	(11,103)
At end of financial year	–	4,812,633	392,636	4,275,803	840,460	638,369	–	736,270	11,696,171
Accumulated impairment losses									
At beginning of financial year	–	594,540	–	213,831	10,170	–	22,939	952,396	1,793,876
Impairment loss	–	–	–	–	–	–	200,000	–	200,000
De-registration of a foreign subsidiary	–	–	–	(23,831)	(10,170)	–	(22,939)	(952,396)	(1,009,336)
At end of financial year	–	594,540	–	190,000	–	–	200,000	–	984,540
Carrying amounts as at 30 June 2021	9,290,000	13,116,278	1,183,486	239,866	31,845	94,759	1,320,000	4,877,300	30,153,534

Notes To The Financial Statements (Cont'd)

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

(a) The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Company - 2022

	Freehold land RM	Buildings RM	Renovation RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Costs						
At beginning of financial year	5,850,000	530,000	60,381	58,162	1,520,000	8,018,543
Additions	–	–	–	3,719	–	3,719
Disposals	(5,850,000)	(530,000)	–	–	(1,520,000)	(7,900,000)
At end of financial year	–	–	60,381	61,881	–	122,262
Accumulated depreciation						
At beginning of financial year	–	12,367	54,960	24,572	–	91,899
Charge for the financial year	–	5,300	5,421	9,589	–	20,310
Disposals	–	(17,667)	–	–	–	(17,667)
At end of financial year	–	–	60,381	34,161	–	94,542
Accumulated impairment losses						
At beginning of financial year	–	–	–	–	200,000	200,000
Disposals	–	–	–	–	(200,000)	(200,000)
At end of financial year	–	–	–	–	–	–
Carrying amounts as at 30 June 2022	–	–	–	27,720	–	27,720

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

(a) The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Company - 2021

	Freehold land RM	Buildings RM	Renovation RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Costs						
At beginning of financial year	1,300,000	2,100,000	60,381	38,262	4,500,000	7,998,643
Additions	–	–	–	26,096	–	26,096
Reclassification	4,550,000	(1,570,000)	–	–	(2,980,000)	–
Write-off	–	–	–	(6,196)	–	(6,196)
At end of financial year	5,850,000	530,000	60,381	58,162	1,520,000	8,018,543
Accumulated depreciation						
At beginning of financial year	–	7,000	43,590	20,886	–	71,476
Charge for the financial year	–	5,367	11,370	7,403	–	24,140
Write-off	–	–	–	(3,717)	–	(3,717)
At end of financial year	–	12,367	54,960	24,572	–	91,899
Accumulated impairment losses						
At beginning of financial year	–	–	–	–	–	–
Impairment loss	–	–	–	–	200,000	200,000
At end of financial year	–	–	–	–	200,000	200,000
Carrying amounts as at 30 June 2021	5,850,000	517,633	5,421	33,590	1,320,000	7,726,644

Notes To The Financial Statements (Cont'd)

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

(b) Right-of-use assets included within the property, plant and equipment comprised the following:-

Group - 2022	Leasehold land RM	Leasehold buildings RM	Total RM
Costs			
At beginning and at end of financial year	4,545,700	1,067,870	5,613,570
Accumulated depreciation			
At beginning of financial year	449,182	287,088	736,270
Charge for the financial year	50,267	17,557	67,824
At end of financial year	499,449	304,645	804,094
Carrying amounts as at 30 June 2022	4,046,251	763,225	4,809,476

Group - 2021	Leasehold land RM	Land use rights RM	Leasehold buildings RM	Total RM
Costs				
At beginning of financial year	4,545,700	243,400	2,449,899	7,238,999
De-registration of a foreign subsidiary	–	(243,400)	(1,382,029)	(1,625,429)
At end of financial year	4,545,700	–	1,067,870	5,613,570
Accumulated depreciation				
At beginning of financial year	398,915	42,392	899,737	1,341,044
Charge for the financial year	50,267	–	17,992	68,259
De-registration of a foreign subsidiary	–	(42,392)	(630,641)	(673,033)
At end of financial year	449,182	–	287,088	736,270
Accumulated impairment losses				
At beginning of financial year	–	201,008	751,388	952,396
De-registration of a foreign subsidiary	–	(201,008)	(751,388)	(952,396)
At end of financial year	–	–	–	–
Carrying amounts as at 30 June 2021	4,096,518	–	780,782	4,877,300

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

(b) (Cont'd):-

The Group leases certain leasehold buildings to earn rental income. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows:-

	Group 2022 RM	Group 2021 RM
Less than 1 year	6,300	22,500
Between 2 to 5 years	–	12,000
	6,300	34,500

(c) Property, plant and equipment include the following assets acquired under hire-purchase arrangements:-

	Cost RM	Accumulated depreciation RM	Carrying amount RM	Current depreciation RM
Group - 2022				
Motor vehicles	184,204	(98,089)	86,115	23,823
Group - 2021				
Motor vehicles	106,094	(74,266)	31,828	21,219

(d) Depreciation charge for the financial year comprised the following:-

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Depreciation of own property, plant and equipment	1,064,152	873,975	20,310	24,140
Depreciation of right-of-use assets	67,824	68,259	–	–
	1,131,976	942,234	20,310	24,140

Notes To The Financial Statements (Cont'd)

5. INVESTMENT PROPERTIES

	Own assets		Right-of-use assets	
	Freehold land RM	Building RM	Vacant leasehold land RM	Total RM
Group - 2022				
Costs				
At beginning of financial year	800,000	–	22,737,901	23,537,901
Additions	2,334,657	674,456	–	3,009,113
At end of financial year	3,134,657	674,456	22,737,901	26,547,014
Accumulated depreciation				
At beginning of financial year	–	–	629,356	629,356
Charge for the financial year	–	6,745	235,615	242,360
At end of financial year	–	6,745	864,971	871,716
Accumulated impairment losses				
At beginning of financial year	–	–	721,545	721,545
Reversal of impairment loss	–	–	(648,615)	(648,615)
At end of financial year	–	–	72,930	72,930
Carrying amounts as at 30 June 2022	3,134,657	667,711	21,800,000	25,602,368
Fair values as at 30 June 2022	3,050,000	650,000	21,800,000	25,500,000

5. INVESTMENT PROPERTIES (CONT'D)

	Own assets	Right-of-use assets	
	Vacant freehold land RM	Vacant leasehold land RM	Total RM
Group - 2021			
Costs			
At beginning and at end of financial year	800,000	22,737,901	23,537,901
Accumulated depreciation			
At beginning of financial year	–	393,741	393,741
Charge for the financial year	–	235,615	235,615
At end of financial year	–	629,356	629,356
Accumulated impairment losses			
At beginning of financial year	–	–	–
Impairment loss	–	721,545	721,545
At end of financial year	–	721,545	721,545
Carrying amounts as at 30 June 2021	800,000	21,387,000	22,187,000
Fair values as at 30 June 2021	800,000	21,387,000	22,187,000

Investment properties of the Group are non-income generating freehold land and building and leasehold land and direct operating expenses recognised in profit or loss during the financial year in relation to the investment properties were RM58,797 (2021: RM69,018).

Notes To The Financial Statements (Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use assets

The right-of-use assets in this note comprised the leases of properties and fleet of trucks ("the leased assets"). The right-of-use assets in respect of leasehold properties acquired by the Group are disclosed in Note 4 - Property, Plant and Equipment and Note 5 - Investment Properties.

The movements in the carrying amounts of the leased assets during the financial year were as follows:-

Group - 2022	Office premises RM	Living accommodation RM	Fleet of trucks RM	Total RM
Carrying amount				
At beginning of financial year	393,025	128,308	2,136,863	2,658,196
Additions	–	–	1,564,678	1,564,678
Depreciation charge	(288,408)	(43,991)	(1,430,453)	(1,762,852)
Terminations	(90,481)	–	(2,271,088)	(2,361,569)
At end of financial year	14,136	84,317	–	98,453
Group - 2021				
Carrying amount				
At beginning of financial year	–	–	–	–
Acquisition of a subsidiary	–	–	2,505,287	2,505,287
Additions	712,536	131,974	651,530	1,496,040
Depreciation charge	(319,511)	(3,666)	(1,019,954)	(1,343,131)
At end of financial year	393,025	128,308	2,136,863	2,658,196

The leased assets are depreciated on the straight-line method over the following lease terms:-

Office premises	24 months
Living accommodation	36 months
Fleet of trucks	12 months

Lease contracts of the Group include extension and termination options. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the Group considered it reasonably certain to exercise the option. The assessment of reasonably certain is revised upon the occurrence of either a significant event or a significant change in circumstances that is within its control and that was not previously included in its determination of the lease term.

6.2 Lease liabilities

	Group 2022 RM	Group 2021 RM
Non-current	42,761	125,298
Current	58,765	2,567,627
	101,526	2,692,925

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

6.3 Cash flows for leases

	Group 2022 RM	2021 RM
Included in cash flows from operating activities		
Payment for short-term leases	158,519	96,367
Payment for leases of low-value assets	–	12,000
Payment for interest on lease liabilities	59,619	65,662
Included in cash flows from financing activities		
Payment for principal portion of lease liabilities	1,748,688	1,329,339
Total cash outflows for leases	1,966,826	1,503,548

Expenses relating to short-term leases and leases of low-value assets are disclosed in Note 24. Interest expense on lease liabilities is disclosed in Note 23.

7. INTANGIBLE ASSET

	Group 2022 RM	2021 RM
Costs		
At beginning of financial year	25,000,000	–
Addition	–	25,000,000
At end of financial year	25,000,000	25,000,000
Accumulated amortisation		
At beginning of financial year	277,778	–
Charge for the financial year	1,666,666	277,778
At end of financial year	1,944,444	277,778
Accumulated impairment losses		
At beginning of financial year	–	–
Impairment loss	1,800,000	–
At end of financial year	1,800,000	–
Carrying amount as at 30 June	21,255,556	24,722,222

The intangible asset of the Group represents an acquired intellectual property rights of IT solution/platform related to logistics business process. The cost of this acquired intangible asset is amortised on the straight-line method over the estimated useful life of 15 years (2021: 15 years). The amortisation is included in cost of sales (2021: administrative expenses) of the Group's profit or loss.

Notes To The Financial Statements
(Cont'd)

7. INTANGIBLE ASSET (CONT'D)

In the current financial year, an impairment loss on the intangible asset amounting to RM1,800,000 has been recognised as the asset has not been able to generate any income. The recoverable amount is based on the asset's value-in-use which has been calculated using cash flow projections prepared by the management and discounted at a pre-tax discount rate of 9.71%. The impairment loss is included in other expenses of the Group's profit or loss. As at 30 June 2022, the recoverable amount of the intangible asset was RM21,311,016. The intangible asset belongs to Transportation and Logistics segment.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost	66,372,113	61,372,013
Less: Allowance for impairment losses (Note 8.1)	(54,014,831)	(51,458,793)
Carrying amount	12,357,282	9,913,220

8.1 Allowance for impairment losses

Movements in the allowance for impairment losses on investments in subsidiaries during the financial year were as follows:-

	Company	
	2022 RM	2021 RM
At beginning of financial year	51,458,793	33,084,797
Additions	2,556,038	22,050,600
Write-off	–	(3,676,604)
At end of financial year	54,014,831	51,458,793

The Company carried out impairment assessments on subsidiaries with impairment indicators such as continuing operating losses and reduced shareholders' fund. The recoverable amount of the Company's investments in these subsidiaries is determined based on adjusted net tangible assets as a proxy to fair value less costs of disposal and is within Level 3 of the fair value hierarchy. As a result of the impairment assessments, the Company has recognised an additional impairment loss of RM2,556,038 in respect of its investments in two (2) subsidiaries in the current financial year which is included in other expenses of the Company's profit or loss.

In the previous financial year, the Company recorded an additional impairment losses of RM22,050,600 in respect of its investments in four (4) subsidiaries whereas the write-off of impairment losses amounted to RM3,676,604 was due to the de-registration of a foreign subsidiary as further explained in Note 8.6.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.2 Details of the subsidiaries

Details of the subsidiaries are as follows:-

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2022 %	2021 %
Asian Pottery (Penang) Sdn. Bhd.	Marketing of pottery and porcelain products, ceramic wares and ornaments	Malaysia	100	100
Profit Sunland Sdn. Bhd.	Property construction and related businesses	Malaysia	100	100
Oriwina Sdn. Bhd.	Manufacturing and trading of ceramic wares	Malaysia	100	100
Asia Pottery Home & Garden Sdn. Bhd.	Retail, trading and wholesale of all kinds of clay products such as pottery, ceramics and porcelain products - currently dormant	Malaysia	100	100
Sunmark Point Sdn. Bhd.	Investment holding and property investment activity	Malaysia	100	100
Asian Pottery Manufacturers Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Earthernware Sdn. Bhd.	Dormant	Malaysia	100	100
Asiarise Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Porcelain Sdn. Bhd.	Dormant	Malaysia	100	100
APPI Sdn. Bhd.	Dormant	Malaysia	100	100
Instant Initiative Sdn. Bhd.	Property investment - currently dormant	Malaysia	100	100
Million Rich Development Sdn. Bhd.	Property development and other related services	Malaysia	100	100
KTG Marine (M) Sdn. Bhd.	Marine construction and coastal reclamation works	Malaysia	100	100

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.2 Details of the subsidiaries (Cont'd)

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

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2022 %	2021 %
Titanium Hallmark Sdn. Bhd.	Property development and other related services	Malaysia	100	100
CSH Network Capital Sdn. Bhd.	Moneylending business	Malaysia	100	100
Line Haul Sdn. Bhd.	Transportation and logistics - providing haulage and hub-to-hub delivery services	Malaysia	100	100
CSH Solutions Sdn. Bhd.	Information technology solutions and other related services	Malaysia	100	100
Bio Beacon Supply Sdn. Bhd.	Manufacture and trade in mask and other related products - currently dormant	Malaysia	100	100
CSH Priority Sdn. Bhd.	Hire purchase financing - currently dormant	Malaysia	100	100
Omnipack Sdn. Bhd.	Manufacturing and trading in styrofoam box and other packaging business	Malaysia	100	–
Alliance EV Sdn. Bhd.	Sale and distribution of motor vehicles and electrical vehicles and providing related after-sales services as well as sales and trading of related spare parts and any other related businesses	Malaysia	100	–
Held through Asian Pottery Manufacturers Sdn. Bhd.				
Metro Craft Sdn. Bhd.	Dormant	Malaysia	100	100

8.3 Incorporation of new subsidiaries during the financial year

(a) Incorporation of Omnipack Sdn. Bhd. ("OSB")

On 2 August 2021, the Company incorporated OSB with an issued and paid-up capital of RM100 divided into 100 ordinary shares. OSB is principally involved in the business of manufacturing and trading in styrofoam box and other packaging business. OSB has commenced its operations in August 2022. On 1 October 2022, the Company's equity interest in OSB has diluted from 100% to 80% upon the issuance of new ordinary shares as further explained in Note 36.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.3 Incorporation of new subsidiaries during the financial year (Cont'd)

(b) Incorporation of Alliance EV Sdn. Bhd. ("AEVSB")

On 29 December 2021, the Company incorporated AEVSB with an issued and paid-up capital of RM1,000 divided into 1,000 ordinary shares. Subsequently, the issued and paid-up capital of AEVSB was increased from RM1,000 to RM5,000,000 through the following:-

(i) Issuance of 99,000 new ordinary shares on 3 March 2022 at an issue price of RM1 per ordinary share for a total consideration of RM99,000 which was fully satisfied by way of capitalising the amount owing by AEVSB to the Company; and

(ii) Issuance of 4,900,000 new ordinary shares on 4 April 2022 at an issue price of RM1 per ordinary share which were fully subscribed by the Company for a total cash consideration of RM4,900,000.

AEVSB will be principally involved in the business of sale and distribution of motor vehicles and electrical vehicles and providing related after-sales services as well as sales and trading of related spare parts and any other related businesses. As at 30 June 2022 and up to the date of approval of these financial statements, AEVSB has yet to commence its operations.

8.4 Acquisitions of subsidiaries in the previous financial year

(a) Acquisition of Line Haul Sdn. Bhd. ("LHSB")

On 18 March 2021, the Company acquired the entire issued and paid-up share capital of LHSB comprising 500,000 ordinary shares for a total cash consideration of RM3,000,000. The acquisition was completed on 26 March 2021.

The acquisition had the following effects on the financial results of the Group in the previous financial year:-

	LHSB's amounts consolidated from the date of acquisition to 30.06.2021 RM
Revenue	3,147,674
Cost of sales	(2,655,680)
Gross profit	491,994
Administrative expenses	(220,988)
Operating profit	271,006
Finance cost	(42,399)
Profit before taxation	228,607
Taxation	(76,443)
Profit for the period	152,164

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.4 Acquisitions of subsidiaries in the previous financial year (Cont'd)

(a) Acquisition of Line Haul Sdn. Bhd. ("LHSB") (Cont'd)

The assets acquired and liabilities recognised as at the date of acquisition were as follows:-

	Fair value recognised on acquisition RM	LHSB's carrying amount RM
Right-of-use assets	2,505,287	2,505,287
Trade and other receivables	1,805,361	1,805,361
Cash and bank balances	63,486	63,486
Lease liabilities	(2,526,223)	(2,526,223)
Trade and other payables	(654,932)	(654,932)
Taxation	(177,447)	(177,447)
Net identifiable assets acquired	1,015,532	1,015,532
Goodwill on acquisition	1,984,468	
Total purchase consideration discharged by cash	3,000,000	
Cash and cash equivalents of subsidiary acquired	(63,486)	
Net cash outflow from acquisition	2,936,514	

The acquisition-related costs of RM15,000 had been charged to administrative expenses in the Group's and the Company's previous financial year profit or loss.

(b) Acquisition of CSH Solutions Sdn. Bhd. (formerly known as Alpine Cube Sdn. Bhd.) ("CSHSSB")

On 23 April 2021, the Company acquired the entire issued and paid-up share capital of CSHSSB comprising 100,000 ordinary shares for a total cash consideration of RM100,000. The acquisition was completed on 28 April 2021.

The acquisition had the following effects on the financial results of the Group in the previous financial year:-

	CSHSSB's amounts consolidated from the date of acquisition to 30.06.2021 RM
Revenue	–
Administrative expenses	(302,906)
Loss before taxation	(302,906)
Taxation	–
Loss for the period	(302,906)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.4 Acquisitions of subsidiaries in the previous financial year (Cont'd)

(b) Acquisition of CSH Solutions Sdn. Bhd. (formerly known as Alpine Cube Sdn. Bhd.) ("CSHSSB") (Cont'd)

The asset acquired as at the date of acquisition was as follows:-

	Fair value recognised on acquisition RM	CSHSSB's carrying amount RM
Cash at bank	100,000	100,000
Net identifiable asset acquired	100,000	100,000
Total purchase consideration discharged by cash	100,000	
Cash and cash equivalents of subsidiary acquired	(100,000)	
Net cash outflow from acquisition	–	

The acquisition-related costs of RM6,000 had been charged to administrative expenses in the Group's and the Company's previous financial year profit or loss.

8.5 Incorporation of new subsidiaries in the previous financial year

(a) Incorporation of Bio Beacon Supply Sdn. Bhd. ("BBSSB")

On 14 January 2021, the Company incorporated BBSSB with an issued and paid-up capital of RM100 divided into 100 ordinary shares. Currently, BBSSB is still dormant.

(b) Incorporation of CSH Priority Sdn. Bhd. ("CSHPSB")

On 25 March 2021, the Company incorporated CSHPSB with an issued and paid-up capital of RM100 divided into 100 ordinary shares. Subsequently, the issued and paid-up capital of CSHPSB was increased from RM100 to RM100,000 through the issue of 99,900 new ordinary shares at an issue price of RM1 each which were fully subscribed by the Company in cash. Currently, CSHPSB is still dormant.

8.6 De-registration of Guangxi Asian Pottery Co. Ltd. ("Guangxi") in the previous financial year

On 11 January 2021, Guangxi applied for de-registration and on 8 February 2021, Guangxi was de-registered following the notification of de-registration issued by China's GuiGang City State Administration for Market Regulation. The de-registration resulted in a gain of RM211,932 to the Group which had been included under other income of the Group's previous financial year profit or loss. The de-registration did not result in any gain or loss to the Company as the cost of investment in Guangxi amounted to RM3,676,604 had been fully impaired previously.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.7 Disposals of subsidiaries in the previous financial year

(a) Disposal of Klasik Ikhtiar Sdn. Bhd. ("KISB")

On 9 April 2021, the Company disposed its entire equity interest in KISB for a total cash consideration of RM100. The disposal was completed on 22 April 2021 and had resulted in a loss of RM10,806,835 and RM4,399,900 to the Group and to the Company respectively. The loss recognised had been included under other expenses of the Group's and the Company's previous financial year profit or loss.

The effects of disposal on the financial results of the Group as at the date of disposal were as follows:-

	As at the date of disposal RM
Property, plant and equipment	3,674
Inventories	15,724,859
Cash and bank balances	560
Trade and other payables	(8,442,539)
Net assets disposed	7,286,554
Goodwill on consolidation	3,520,381
Disposal consideration	(100)
Loss on disposal	10,806,835
Cash flows arising from disposal:-	
Cash consideration received	100
Cash and bank balances of subsidiary disposed	(560)
Net cash outflow on disposal	(460)

The effects of disposal on the financial results of the Company as at the date of disposal were as follows:-

	As at the date of disposal RM
Cost of investment	4,400,000
Disposal consideration	(100)
Loss on disposal of investment in KISB	4,399,900

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.7 Disposals of subsidiaries in the previous financial year (Cont'd)

(b) Disposal of DWL Technologies Sdn. Bhd. ("DTSB")

On 18 August 2020, the Company disposed its entire equity interest in DTSB for a total cash consideration of RM100. The disposal was completed on 28 August 2020 and had resulted in a gain of RM5,168 which was included under other income of the Group's profit or loss during the previous financial year. The disposal did not result in any gain or loss to the Company.

The effects of disposal on the financial results of the Group as at the date of disposal were as follows:-

	As at the date of disposal RM
Cash and bank balances	100
Other payables	(5,168)
Net liabilities disposed	(5,068)
Disposal consideration	(100)
Gain on disposal	(5,168)
Cash flows arising from disposal:-	
Cash consideration received	100
Cash and bank balances of subsidiary disposed	(100)
Net cash flows on disposal	–

9. GOODWILL

	Group 2022 RM	Group 2021 RM
Carrying amount		
At beginning of financial year	1,984,468	3,520,381
Acquisition of a subsidiary (Note 8.4(a))	–	1,984,468
Disposal of a subsidiary (Note 8.7(a))	–	(3,520,381)
At end of financial year	1,984,468	1,984,468

9.1 Allocation of goodwill

The carrying amount of goodwill is attributable to the following subsidiary:-

	Segment	Group 2022 RM	Group 2021 RM
Line Haul Sdn. Bhd.	Transportation and logistics	1,984,468	1,984,468

9. GOODWILL (CONT'D)

9.2 Impairment assessment on goodwill

For the purpose of annual impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself and the recoverable amount of this CGU is determined based on the value in use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five-year period and approved by management. The key assumptions for the computation of value in use are further described in Note 9.3 below.

9.3 Key assumptions used for value in use calculation

(a) Discount rate

A pre-tax discount rate of 9.71% (2021: 10.41%) has been applied in determining the recoverable amount of the CGU. The discount rate is determined based on the weighted average cost of capital of the CGU and reflects the management's estimate of the risks specific to the CGU and the economic environment in which the CGU operates.

(b) Projected revenue and gross margin

This has been estimated based on the management's business plan which reflects the expectation of achievable growth based on market development and industry outlook.

9.4 Impact of possible changes in key assumptions

The management have considered and assessed reasonably possible changes of key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

10. OTHER INVESTMENT

	Group and Company	
	2022	**2021**
	RM	**RM**
Unquoted equity investment in a Malaysian corporation at fair value through other comprehensive income ("FVOCI")	22,000,000	22,000,000

The Company has irrevocably elected to classify the unquoted equity investment at FVOCI at initial recognition. The Company considers this classification to be more relevant as it reflects the Company's intention to hold it as a long-term strategic investment and it is not held for trading purpose.

The fair value measurement of the unquoted equity investments and the level of fair value hierarchy are disclosed in Note 33.

11. FINANCING RECEIVABLES

	Group 2022 RM	2021 RM
Total gross financing receivables	184,769,272	86,133,773
Less: Unearned financing income	(5,292,562)	(3,402,695)
Financing receivables	179,476,710	82,731,078

The secured and unsecured financing receivables included under non-current and current assets are as follows:-

	Group 2022 RM	2021 RM
Non-current assets:		
- secured	–	16,162,780
- unsecured	904,217	657,380
	904,217	16,820,160
Current assets:		
- secured	168,399,236	61,433,321
- unsecured	10,173,257	4,477,597
	178,572,493	65,910,918
	179,476,710	82,731,078

The secured financing receivables as at 30 June 2022 are entirely secured against stocks quoted on Bursa Malaysia Securities Berhad (2021: secured against properties and stocks quoted on Bursa Malaysia Securities Berhad) and are subject to interest at 4% (2021: 4%) per annum.

The unsecured financing receivables are subject to interest at rates ranging from 5% to 8% (2021: 5% to 7%) per annum.

Notes To The Financial Statements (Cont'd)

12. INVENTORIES

	Group 2022 RM	Group 2021 RM
At cost		
Raw materials	276,521	325,076
Work-in-progress	70,222	54,086
Finished goods	847,491	1,021,561
Completed properties held for sale	–	11,583,000
	1,194,234	12,983,723
At net realisable value		
Work-in-progress	961	1,283
Finished goods	172,822	133,519
Completed properties held for sale	7,986,000	–
	8,159,783	134,802
	9,354,017	13,118,525

The amount of inventories recognised as an expense during the financial year was RM11,642,257 (2021: RM7,409,906) and this has been included in cost of sales of the Group's profit or loss.

The Group leases certain completed properties held for sale to earn rental income while the Group seeking for prospective purchasers. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows:-

	Group 2022 RM	Group 2021 RM
Less than 1 year	114,350	46,700

13. TRADE AND OTHER RECEIVABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade receivables (Note 13.1)	7,109,055	6,096,629	–	–
Other receivables (Note 13.2)	454,200	581,242	229,500	–
Deposits (Note 13.3)	12,749,854	13,522,010	13,950	13,950
Prepayments	918,443	111,507	–	2,647
Goods and Services Tax recoverable	–	1,401	–	–
	21,231,552	20,312,789	243,450	16,597

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.1 Trade receivables

	Group 2022 RM	2021 RM
Trade receivables	7,884,292	6,127,366
Less: Allowance for impairment losses	(775,237)	(30,737)
	7,109,055	6,096,629

The Group's normal trade credit periods of trade receivables range from 30 to 60 days (2021: 7 to 60 days). Other credit periods are assessed and approved on a case by case basis.

The Group's exposure to credit risk and loss allowance for expected credit losses ("ECLs") on trade receivables are summarised below:-

Group - 2022	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	5,012,873	(325,613)	4,687,260
0 to 30 days past due	1,445,162	(357,132)	1,088,030
31 to 60 days past due	1,093,296	(61,755)	1,031,541
61 to 90 days past due	–	–	–
91 to 120 days past due	–	–	–
More than 120 days past due	302,224	–	302,224
	7,853,555	(744,500)	7,109,055
Credit impaired			
Individually impaired	30,737	(30,737)	–
	7,884,292	(775,237)	7,109,055

Group - 2021	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	3,542,799	–	3,542,799
0 to 30 days past due	1,677,483	–	1,677,483
31 to 60 days past due	872,169	–	872,169
61 to 90 days past due	2,220	–	2,220
91 to 120 days past due	–	–	–
More than 120 days past due	1,958	–	1,958
	6,096,629	–	6,096,629
Credit impaired			
Individually impaired	30,737	(30,737)	–
	6,127,366	(30,737)	6,096,629

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.1 Trade receivables (Cont'd)

The movements in the Group's allowance for ECLs on trade receivables during the financial year were as follows:-

Group - 2022	Lifetime ECLs RM	Credit impaired RM	Total RM
At beginning of financial year	–	30,737	30,737
Net loss on remeasurement of loss allowance	744,500	–	744,500
At end of financial year	744,500	30,737	775,237

There were no movements in the Group's allowance for ECLs on trade receivables during the previous financial year.

The Group's trade receivables are denominated in the following currencies:-

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	5,955,097	4,634,383
United States Dollar	1,153,958	1,462,246
	7,109,055	6,096,629

13.2 Other receivables

These comprised:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount receivable from disposal of a subsidiary	2,872,183	2,872,183	2,872,183	2,872,183
Other receivables	494,200	621,242	269,500	40,000
Less: Allowance for impairment losses	(2,912,183)	(2,912,183)	(2,912,183)	(2,912,183)
	454,200	581,242	229,500	–

The movements in the allowance for impairment losses on other receivables during the financial year were as follows:-

	Group and Company	
	2022 RM	2021 RM
At beginning of financial year	2,912,183	40,000
Impairment on amount receivable from disposal of a subsidiary	–	2,872,183
At end of financial year	2,912,183	2,912,183

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.2 Other receivables (Cont'd)

Amount receivable from disposal of a subsidiary

The amount receivable arose from a settlement arrangement between the Company and the purchaser of Sama Restu Sdn. Bhd. ("SRSB"), a former subsidiary of the Group, of the amount owing by SRSB to the Company. A full allowance for impairment loss has been recognised in the previous financial year due to the uncertainty over the recovery of the amount outstanding in view of the financial challenges faced by the purchaser.

13.3 Deposits

These comprised:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits paid pursuant to Concept Masterplan Agreement (Note 13.3(a))	7,398,165	7,398,165	–	–
Advance payment for purchase of electric vans (Note 35(d))	2,745,000	–	–	–
Earnest deposits paid for purchase of industrial land (Notes 35(f) and (g))	2,200,000	–	–	–
Deposit for purchase of plant and machinery (Note 13.3(b))	–	5,970,000	–	–
Other deposits	406,689	153,845	13,950	13,950
	12,749,854	13,522,010	13,950	13,950

(a) Deposits paid pursuant to Concept Masterplan Agreement

These refundable security deposits ("the Deposits") were paid by a subsidiary, Million Rich Development Sdn. Bhd. ("MRDSB"), pursuant to a Concept Masterplan Agreement ("CMPA") entered into between MRDSB and Arena Progresif Sdn. Bhd. ("Arena") on 4 July 2017 which has been terminated on 9 April 2021. The deposits were paid to enable Arena to acquire two (2) parcels of land ("the Land") for the purpose of development in accordance with the CMPA.

On 4 June 2021, MRDSB and Arena have agreed that:-

(i) Arena grants MRDSB the exclusive and irrevocable mandate/appointment to sell or dispose the Land;

(ii) The mandate/appointment to sell or dispose the Land shall be for a period for twenty four (24) months from the date of acceptance; and

(iii) MRDSB shall be entitled for a fee of 20% of the actual selling price of the Land.

As at the date of approval of these financial statements, the Land has yet to be disposed.

(b) Deposit for purchase of plant and machinery

The deposit of RM5,970,000 represents 15% down payment required to be paid by the Group pursuant to a Turnkey Agreement entered into by APPI Sdn. Bhd. ("APPI"), a wholly-owned subsidiary of the Company, of which RM4,000,000 was paid and the balance of RM1,970,000 was accrued for in the previous financial year. The Turnkey Agreement has been terminated on 22 March 2022 (Note 35(c)) and the deposit paid has been fully refunded.

14. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
<u>Amount due from subsidiaries</u>		
Non-current		
Non-trade (Note 14(a))	247,067,959	57,613,664
Less: Allowance for impairment losses (Note 14(c))	(5,965,000)	–
	241,102,959	57,613,664
Current		
Non-trade (Note 14(b))	19,175,707	131,189,263
Less: Allowance for impairment losses (Note 14(c))	(3,726,050)	(184,050)
	15,449,657	131,005,213
Total amount due from subsidiaries	256,552,616	188,618,877
<u>Amount due to subsidiaries</u>		
Current		
Non-trade (Note 14(b))	(3,060,585)	(3,572,840)

(a) The non-current portion of the amount due from subsidiaries is in respect of advances that are unsecured, interest-free and is not expected to be receivable within the next twelve (12) months.

(b) The current portion of the amount due from/(to) subsidiaries is in respect of advances that are unsecured, interest-free and are repayable on demand.

(c) The movements in the allowance for impairment losses on amount due from subsidiaries during the financial year were as follows:-

	Company 2022 RM	Company 2021 RM
Credit impaired		
At beginning of financial year	184,050	197,923
Addition	9,507,000	–
Reversal	–	(1,500)
Write-off	–	(12,373)
At end of financial year	9,691,050	184,050

15. FIXED AND SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	78,746,521	722,802	78,011,532	–
Short-term deposits with licensed banks	4,009,498	55,000,377	4,009,498	55,000,377
Cash and bank balances	30,053,996	46,233,237	10,584,368	8,377,386
	112,810,015	101,956,416	92,605,398	63,377,763

(a) The Group's fixed deposits as at the end of the financial year have effective interest rates ranging from 1.50% to 1.85% (2021: 1.65% to 3.10%) per annum and original maturity period of between 1 and 12 months (2021: 1 and 12 months).

The Group's and the Company's short-term deposits as at the end of the financial year have effective interest rates ranging from 0.25% to 0.85% (2021: 0.25%) per annum and original maturity period of 1 day (2021: 1 day).

(b) The Group's fixed deposits with licensed banks include an amount of RM659,809 (2021: RM648,844) which have been pledged for bank guarantee facilities granted to a subsidiary of the Company.

(c) The Group's and the Company's deposits, cash and bank balances are denominated in the following currencies:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	112,673,363	101,834,858	92,605,398	63,377,763
United States Dollar	135,648	120,520	–	–
Australian Dollar	826	847	–	–
Euro	178	191	–	–
	112,810,015	101,956,416	92,605,398	63,377,763

16. SHARE CAPITAL

16.1 Issued and fully paid-up ordinary shares

	Group and Company			
	2022		2021	
	Number of shares	Amount RM	Number of shares	Amount RM
At beginning of financial year	690,705,280	336,906,763	232,844,600	106,499,700
Shares issued pursuant to:				
- rights issue of shares with free detachable warrants	690,705,280	59,884,148	–	–
- conversion of ICPS*	–	–	373,773,380	213,084,954
- a private placement exercise	–	–	84,087,000	17,321,922
- exercise of warrants	–	–	300	187
At end of financial year	1,381,410,560	396,790,911	690,705,280	336,906,763

* *Irredeemable convertible preference shares (Note 16.2)*

16. SHARE CAPITAL (CONT'D)

16.1 Issued and fully paid-up ordinary shares (Cont'd)

Ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

On 20 January 2022, the Company issued 690,705,280 new ordinary shares ("the Rights Shares") pursuant to a renounceable rights issue exercise on the basis of one (1) Rights Share for every one (1) existing ordinary share held in the Company at an issue price of RM0.15 per Rights Share together with 690,705,280 free detachable warrants ("the Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for ("the Rights Issue Exercise"). The Rights Issue Exercise has raised a total cash proceeds of RM103,605,792 of which an amount of RM43,721,644 has been allocated to warrants reserve as further explained in Note 17.1 below.

In the previous financial year, the Company increased its issued and paid-up ordinary shares through the following:-

(a) Issuance of 371,748,400 new ordinary shares on the conversion of 371,748,400 Irredeemable Convertible Preference Shares ("ICPS") at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share;

(b) Issuance of 2,024,980 new ordinary shares on the conversion of 20,249,800 ICPS at the conversion ratio of ten (10) ICPS for one (1) ordinary share;

(c) Issuance of 84,087,000 new ordinary shares through a private placement exercise on 15 March 2021 at an issue price of RM0.206 per ordinary share for a total cash consideration of RM17,321,922; and

(d) Issuance of 300 new ordinary shares by way of an exercise of 300 Warrants 2016/2021 at an exercise price of RM0.60 per Warrant.

All the new ordinary shares issued during the current and previous financial years rank pari passu in all respects with the then existing issued ordinary shares of the Company.

16.2 Irredeemable Convertible Preference Shares ("ICPS")

	Group and Company			
	2022		2021	
	Number of shares	Amount RM	Number of shares	Amount RM
At beginning of financial year	–	–	391,998,200	12,340,818
Converted to ordinary shares (Note 16.1)	–	–	(391,998,200)	(12,340,818)
At end of financial year	–	–	–	–

The ICPS were issued on 8 April 2016 at RM0.06 each and had expired on 7 April 2021.

17. WARRANTS RESERVE

The movements of the warrants reserve during the financial year were as follows:-

	Group and Company 2022 RM	2021 RM
At beginning of financial year	–	1,003,710
New issue of free detachable Warrants 2022/2027 (Note 17.1)	43,721,644	–
Exercise of Warrants 2016/2021	–	(7)
Expiry of Warrants 2016/2021 (Note 17.2)	–	(1,003,703)
At end of financial year	43,721,644	–

Warrants reserve arose from the allocation of proceeds received from the share issuance exercise by the Company which entitled a subscriber for a free detachable warrant.

17.1 Warrants 2022/2027

On 20 January 2022, the Company issued 690,705,280 free detachable warrants ("Warrants 2022/2027") pursuant to the Rights Issue Exercise as explained in Note 16.1 above. Warrants 2022/2027, which were constituted under the Deed Poll dated 7 December 2021, shall expire on 19 January 2027 ("the Exercise Period"). Each Warrant 2022/2027 entitles the registered holder, at any time during the Exercise Period, to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.15 per Warrant 2022/2027. Any Warrants 2022/2027 not exercised by the date of maturity will thereafter lapse and cease to be valid for all purposes.

The warrants reserve amounted to RM43,721,644 was allocated to Warrants 2022/2027 from the proceeds of the rights issue exercise by reference to their fair value of RM0.0633 per Warrant 2022/2027.

None of Warrants 2022/2027 were exercised during the financial year.

17.2 Warrants 2016/2021

Warrants 2016/2021 were issued on 8 April 2016 in conjunction with the rights issue of the Company's Irredeemable Convertible Preference Shares (Note 16.2). Warrants 2016/2021 had expired on 7 April 2021.

18. HIRE-PURCHASE PAYABLES

	Group 2022 RM	2021 RM
Future minimum payments:		
- Within 1 year	44,547	26,700
- Between 2 to 5 years	48,600	17,747
	93,147	44,447
Future finance charges on hire-purchase	(9,950)	(2,445)
Present value	83,197	42,002
Payable within 1 year (included under current liabilities)	(40,618)	(24,674)
Payable between 2 to 5 years (included under non-current liabilities)	42,579	17,328

19. DEFERRED TAX LIABILITIES

	Group 2022 RM	2021 RM
At beginning of financial year	2,120,456	2,184,033
Recognised in profit or loss (Note 25)	(63,577)	(63,577)
At end of financial year	2,056,879	2,120,456

(a) The components and movements of the Group's deferred tax liabilities and deferred tax assets during the financial year prior to offsetting are as follows:-

Group - 2022	**As at 01.07.2021 RM**	**Recognised in profit or loss RM**	**As at 30.06.2022 RM**
Deferred tax liabilities			
Property, plant and equipment	2,121,719	18,375	2,140,094
Right-of-use assets	637,967	(614,338)	23,629
Other taxable temporary differences	11,418	(8,343)	3,075
	2,771,104	(604,306)	2,166,798
Deferred tax assets			
Lease liabilities	(638,642)	615,506	(23,136)
Unutilised capital allowances	(456)	(6,774)	(7,230)
Unutilised reinvestment allowances	–	(75,570)	(75,570)
Other deductible temporary differences	(11,550)	7,567	(3,983)
	(650,648)	540,729	(109,919)
	2,120,456	(63,577)	2,056,879

Group - 2021	**As at 01.07.2020 RM**	**Recognised in profit or loss RM**	**As at 30.06.2021 RM**
Deferred tax liabilities			
Property, plant and equipment	2,185,165	(63,446)	2,121,719
Right-of-use assets	–	637,967	637,967
Other taxable temporary differences	4,540	6,878	11,418
	2,189,705	581,399	2,771,104
Deferred tax assets			
Lease liabilities	–	(638,642)	(638,642)
Unutilised capital allowances	(1,132)	676	(456)
Other deductible temporary differences	(4,540)	(7,010)	(11,550)
	(5,672)	(644,976)	(650,648)
	2,184,033	(63,577)	2,120,456

19. DEFERRED TAX LIABILITIES (CONT'D)

(b) As at the end of the financial year, the amounts of unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances, unutilised increased exports allowance and other deductible temporary differences for which deferred tax assets have not been recognised in the financial statements are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed tax losses	17,803,624	14,297,003	800,016	800,016
Unutilised capital allowances	4,579,289	4,554,833	13,528	13,528
Unutilised reinvestment allowances	5,659,544	5,718,607	–	–
Unutilised increased exports allowance	52,245	52,245	–	–
Other deductible temporary differences	792,722	179,613	–	–
	28,887,424	24,802,301	813,544	813,544

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	5,781,604	1,914,245	–	–
Other payables and accruals	3,520,746	4,300,004	164,047	372,839
Goods and Services Tax payable	–	112	–	–
	9,302,350	6,214,361	164,047	372,839

The normal credit periods of trade payables range from 30 to 90 days (2021: 30 to 90 days).

21. AMOUNT DUE TO DIRECTORS

The amount due in the previous financial year was non-trade in nature, unsecured, interest-free and was repayable on demand. The amount due has been fully settled during the current financial year.

Notes To The Financial Statements (Cont'd)

22. REVENUE

Analyses of the Group's revenue disaggregated by business segments, primary geographical markets and timing of revenue recognition are as follows:-

	Group 2022 RM	Group 2021 RM
Analysis by business segments		
Revenue from contract with customers		
Ceramic - Sales of pottery, ceramic, porcelain and related products	13,709,034	10,484,894
Transportation and logistics - Haulage services	15,233,227	3,147,674
Others	2,308,094	694,382
	31,250,355	14,326,950
Revenue from other sources		
Interest income from moneylending activities	6,014,902	2,589,497
	37,265,257	16,916,447
Geographical markets		
Malaysia	35,157,673	14,622,970
Europe	419,068	445,977
United States	1,646,408	1,760,305
Others	42,108	87,195
	37,265,257	16,916,447
Timing of recognition for revenue from contracts with customers		
At a point in time	31,250,355	14,326,950

23. FINANCE COSTS

	Group 2022 RM	Group 2021 RM
Interest on lease liabilities	59,619	65,662
Interest on hire-purchase	2,689	3,879
	62,308	69,541

Notes To The Financial Statements (Cont'd)

24. LOSS BEFORE TAXATION

	Group 2022 RM	Group Restated 2021 RM	Company 2022 RM	Company Restated 2021 RM
This is stated after charging:-				
Amortisation of intangible asset	1,666,666	277,778	–	–
Auditors' remuneration:				
- Annual statutory audit				
Current year	243,000	227,246	65,000	60,000
(Over)/Under provided in prior year	(1,000)	9,500	–	–
- Non-audit fees				
Current year	31,000	11,000	31,000	11,000
Bad debts written off	5,702	15,538	–	–
Depreciation in respect of assets under leases included within:				
- Property, plant and equipment (Note 4(d))	67,824	68,259	–	–
- Investment properties (Note 5)	235,615	235,615	–	–
- Right-of-use assets (Note 6.1)	1,762,852	1,343,131	–	–
Depreciation of own:				
- Property, plant and equipment (Note 4(d))	1,064,152	873,975	20,310	24,140
- Investment properties (Note 5)	6,745	–	–	–
Net impairment losses on:				
- Property, plant and equipment	–	200,000	–	200,000
- Investment properties	–	721,545	–	–
- Intangible asset	1,800,000	–	–	–
- Investments in subsidiaries	–	–	2,556,038	22,050,600
- Financial assets				
Trade receivables (Note 13.1)	744,500	–	–	–
Other receivables (Note 13.2)	–	2,872,183	–	2,872,183
Amount due from subsidiaries - addition/(reversal) (Note 14(c))	–	–	9,507,000	(1,500)
Directors' remuneration:				
- Executive Directors of the Company				
Fees	165,000	153,000	165,000	153,000
Salaries and other remuneration	663,934	634,332	2,700	154,545
- Non-executive Directors of the Company				
Fees	108,000	108,000	108,000	108,000
Other remuneration	1,800	1,800	1,800	1,800
- Directors of subsidiaries				
Salaries and other remuneration	605,116	166,397	–	–
Net write down in value of inventories	1,968,107	37,621	–	–
Property, plant and equipment written off	69	4,388	–	2,479
Loss on disposal of property, plant and equipment	14,733	–	32,333	–
Expenses relating to leases of low-value assets	–	12,000	–	1,320
Expenses relating to short-term leases	158,519	96,367	–	–
Net loss on disposals of subsidiaries	–	10,801,667	–	4,399,900
Amount due from subsidiaries written off upon disposal/de-registration	–	–	–	7,292,034
Realised loss on foreign exchange	–	164,067	–	–

Notes To The Financial Statements (Cont'd)

24. LOSS BEFORE TAXATION (CONT'D)

	Group		Company	
		Restated		Restated
	2022 RM	2021 RM	2022 RM	2021 RM
and crediting:-				
Gain on de-registration of a foreign subsidiary	–	211,932	–	–
Gain on disposal of property, plant and equipment	–	6,833	–	–
Gain on foreign exchange:				
- Realised	75,752	–	–	3,569
- Unrealised	12,416	126,496	–	–
Gain on termination of lease contracts	45,820	–	–	–
Reversal of impairment loss on investment properties (Note 5)	648,615	–	–	–
Interest income from fixed and short-term deposits placed with licensed banks	663,720	110,395	564,873	2,028
Rental income	124,700	216,380	–	700
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	2,354,934	2,478,882
Unwinding of discount on other receivables measured at amortised cost	–	106,896	–	106,896

25. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current year Malaysian income tax	1,054,809	347,670	122,886	–
Real Property Gains Tax	25,050	–	–	–
Deferred tax income resulting from the origination and reversal of temporary differences (Note 19)	(63,577)	(63,577)	–	–
	1,016,282	284,093	122,886	–
Over provided in prior year:				
- Income tax	(61,461)	(11,190)	–	–
	954,821	272,903	122,886	–

25. TAXATION (CONT'D)

(a) The general income tax rate in Malaysia for the financial year under review is 24% (2021: 24%) of taxable income.

A reconciliation of tax expense applicable to the loss before taxation at the applicable statutory tax rate to the tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Loss before taxation	(7,084,912)	(16,363,758)	(10,751,380)	(36,391,542)
Taxation at the statutory tax rate of 24% (2021: 24%)	(1,700,379)	(3,927,302)	(2,580,331)	(8,733,970)
Tax effects in respect of:-				
Expenses not deductible for taxation purposes	2,816,341	4,913,081	3,268,401	9,356,737
Income not subject to tax	(816,790)	(893,130)	(565,184)	(621,803)
Current year deferred tax assets not recognised	789,667	443,189	–	–
Tax savings arising from the utilisation of previously unrecognised deferred tax assets	(97,607)	(251,745)	–	(964)
Real Property Gains Tax	25,050	–	–	–
Over provided in prior year:				
- Income tax	(61,461)	(11,190)	–	–
Total tax expense	954,821	272,903	122,886	–

(b) Subject to the agreement with the Inland Revenue Board, the Group and the Company have the following estimated amounts of unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances and unutilised increased exports allowance which are available for set-off against future taxable income:-

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unabsorbed tax losses:				
- expiring in 2028 (2021: 2025)	12,637,171	10,679,277	800,016	800,016
- expiring in 2029 (2021: 2026)	748,393	750,136	–	–
- expiring in 2030 (2021: 2027)	1,058,668	1,058,668	–	–
- expiring in 2031 (2021: 2028)	816,572	1,808,922	–	–
- expiring in 2032	2,542,820	–	–	–
Unutilised capital allowances	4,609,415	4,556,733	13,528	13,528
Unutilised reinvestment allowances	5,974,419	5,718,607	–	–
Unutilised increased exports allowance	52,245	52,245	–	–
	28,439,703	24,624,588	813,544	813,544

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, any unabsorbed tax losses up to the year of assessment ("YA") 2018 shall be available for carry forward until YA 2028 and any amount not utilised by the end of YA 2028 shall be disregarded. Any unabsorbed tax losses for YA 2019 onwards shall be available for carry forward for 10 consecutive YAs and any amount not utilised by the end of the 10-year period shall be disregarded.

Notes To The Financial Statements (Cont'd)

26. LOSS PER SHARE

26.1 Basic

The basic loss per ordinary share is calculated based on the Group's loss for the financial year attributable to owners of the Company and on the weighted average number of shares in issue during the financial year as follows:-

	Group	
	2022	**2021**
Loss attributable to owners of the Company (RM)	(8,039,733)	(16,636,661)
Weighted average number of ordinary shares in issue	997,264,884	376,452,068
Basic loss per ordinary share (Sen)	(0.81)	(4.42)

26.2 Diluted

The diluted loss per ordinary share is the same with the basic loss per ordinary share as there is an anti-dilutive effect arising from the assumed exercise of Warrants 2022/2027.

27. NOTES TO STATEMENTS OF CASH FLOWS

27.1 Purchase of property, plant and equipment

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Aggregate cost of property, plant and equipment acquired	3,179,355	1,584,371	3,719	26,096
Amount financed under hire-purchase financing	(78,110)	–	–	–
Cash purchase	3,101,245	1,584,371	3,719	26,096

The principal amount of instalment payments for property, plant and equipment acquired by hire-purchase financing are reflected as cash outflows from financing activities.

27.2 Liabilities arising from financing activities

Changes in the Group's and in the Company's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the tables below.

2022

	As at 01.07.2021 RM	Financing obtained RM	Net cash flows RM	As at 30.06.2022 RM
Group				
Hire-purchase payables (Note 18)	42,002	78,110	(36,915)	83,197
Amount due to directors (Note 21)	3,931	–	(3,931)	–
	45,933	78,110	(40,846)	83,197
Company				
Amount due to subsidiaries (Note 14)	3,572,840	–	(512,255)	3,060,585

27. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

27.2 Liabilities arising from financing activities (Cont'd)

2021

	As at 01.07.2020 RM	Non-cash settlement RM	Net cash flows RM	As at 30.06.2021 RM
Group				
Hire-purchase payables (Note 18)	72,797	–	(30,795)	42,002
Amount due to directors (Note 21)	7,834	(6,833)	2,930	3,931
	80,631	(6,833)	(27,865)	45,933
Company				
Amount due to subsidiaries (Note 14)	3,274,482	–	298,358	3,572,840

27.3 Cash and cash equivalents at end of financial year

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
As presented in the statements of financial position				
Fixed deposits with licensed banks (Note 15)	78,746,521	722,802	78,011,532	–
Short-term deposits with licensed banks (Note 15)	4,009,498	55,000,377	4,009,498	55,000,377
Cash and bank balances (Note 15)	30,053,996	46,233,237	10,584,368	8,377,386
	112,810,015	101,956,416	92,605,398	63,377,763
Less: Fixed deposits pledged with a licensed bank	(659,809)	(648,844)	–	–
Cash and cash equivalents - as presented in the statements of cash flows	112,150,206	101,307,572	92,605,398	63,377,763

28. STAFF COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs comprised:-				
Salaries, wages and bonuses	7,065,395	4,297,203	59,296	623,978
Amount contributed under defined contribution plan:				
- Employees Provident Fund	690,551	433,047	5,880	43,333
Others	299,178	142,965	4,003	17,579
	8,055,124	4,873,215	69,179	684,890

Staff costs include fees and other remuneration of the Directors of the Company and its subsidiaries.

Notes To The Financial Statements (Cont'd)

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year and balances at end of financial year were as follows:-

29.1 Transactions with related parties

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Transactions with companies in which certain Directors of the Company have substantial interests:				
- Subscription fees	–	(13,795)	–	(6,013)
- Haulage services rendered	15,233,087	1,644,900	–	–
- Haulage services received	(10,469,841)	(206,950)	–	–
- Purchase of equipment	(1,640)	–	–	–
- Rental of trucks	(1,495,008)	(743,000)	–	–
- Rental, utilities and miscellaneous charges paid for office premises	(323,315)	(30,000)	–	–
- Rental received for office premises	3,000	7,500	–	–

29.2 The financial year-end outstanding balances with related parties

The financial year-end outstanding balances with related parties and their terms and conditions are disclosed in Notes 14 and 21. The movements of impairment losses in respect of the amount due by related parties are disclosed in Note 14(c).

29.3 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group are the Directors of the Company and executive directors of major subsidiaries and their remuneration for the financial year were as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employee benefits	1,400,929	968,387	273,000	392,742
Post-employment benefits				
- Contribution to Employees Provident Fund	124,725	84,964	–	19,456
Others	18,196	10,178	4,500	5,147
	1,543,850	1,063,529	277,500	417,345

29. RELATED PARTY TRANSACTIONS (CONT'D)

29.3 Key management personnel compensation (Cont'd)

The financial year-end outstanding balance in relation to key management personnel compensation is:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included under other payables and accruals	69,795	80,538	64,400	80,538

30. CAPITAL COMMITMENT

Capital commitment as at the end of the financial year was as follows:-

	Group	
	2022 RM	2021 RM
Authorised and contracted for		
Capital expenditure for purchase of motor vehicles	183,154	–
Capital expenditure for purchase of industrial land	19,800,000	–
Capital expenditure for purchase of plant and machinery	–	35,800,000
	19,983,154	35,800,000

31. SEGMENT REPORTING

31.1 Operating Segments

The Group has five reportable segments which comprised its major business segments and are based on their products and services. The reportable segments are as follows:-

(a) Ceramic — Involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.

(b) Construction and property — Involved in property construction and other related businesses, property investment and property development and other related services.

(c) Financial services — Involved in moneylending and hire purchase businesses.

(d) Transportation and logistics — Involved in transportation and logistics business and related information technology solutions and services.

(e) Others — Involved in investment holding and general trading.

The manufacturing and trading of pottery and porcelain products are managed by two different operating segments within the Group. These operating segments are aggregated to form a reportable segment known as ceramic segment due to the nature and economic characteristics of the products which are similar and inter-related.

The management monitors the performance of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

31. SEGMENT REPORTING (CONT'D)

31.1 Operating Segments (Cont'd)

2022

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Revenue						
Total revenue	13,232,510	1,360,000	6,014,902	15,233,227	2,308,094	38,148,733
Inter-segment revenue	(883,476)	–	–	–	–	(883,476)
External sales	12,349,034	1,360,000	6,014,902	15,233,227	2,308,094	37,265,257
Results						
Segment results	(207,901)	(499,353)	2,925,301	(1,000,762)	(288,228)	929,057
Interest income	11,017	1,222	86,608	–	564,873	663,720
Depreciation and amortisation	(817,126)	(288,401)	(541,474)	(3,133,404)	(23,449)	(4,803,854)
Other non-cash items	(29,462)	(1,283,385)	–	(2,498,680)	–	(3,811,527)
Operating (loss)/profit	(1,043,472)	(2,069,917)	2,470,435	(6,632,846)	253,196	(7,022,604)
Finance costs	(4,054)	–	(14,350)	(43,904)	–	(62,308)
(Loss)/Profit before taxation	(1,047,526)	(2,069,917)	2,456,085	(6,676,750)	253,196	(7,084,912)
Taxation	2,133	(16,559)	(779,510)	(74,706)	(86,179)	(954,821)
(Loss)/Profit for the financial year	(1,045,393)	(2,086,476)	1,676,575	(6,751,456)	167,017	(8,039,733)
Assets						
Segment assets	23,515,387	41,681,135	195,177,622	32,822,164	125,453,134	418,649,442
Included in the measure of segment assets - amounts of additions to non-current assets other than financial instruments and deferred tax assets:						
- property, plant and equipment	805,381	–	1,417,957	92,399	863,618	3,179,355
- investment properties	–	–	3,009,113	–	–	3,009,113
- right-of-use assets	–	–	–	1,564,678	–	1,564,678

31. SEGMENT REPORTING (CONT'D)

31.1 Operating Segments (Cont'd)

2022 (Cont'd)

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Liabilities						
Segment liabilities	4,683,631	234,523	737,966	5,306,459	1,546,943	12,509,522
Other Information						
Depreciation and amortisation						
- Amortisation of intangible asset	–	–	–	1,666,666	–	1,666,666
- Depreciation in respect of assets under leases included within:						
- Property, plant and equipment	32,069	35,755	–	–	–	67,824
- Investment properties	–	235,615	–	–	–	235,615
- Right-of-use assets	16,963	–	292,815	1,453,074	–	1,762,852
- Depreciation of own:						
- Property, plant and equipment	768,094	17,031	241,914	13,664	23,449	1,064,152
- Investment properties	–	–	6,745	–	–	6,745
	817,126	288,401	541,474	3,133,404	23,449	4,803,854
Non cash items other than depreciation and amortisation						
- Bad debts written off	5,702	–	–	–	–	5,702
- Impairment losses/(Reversal of impairment loss) on:						
- investment properties	–	(648,615)	–	–	–	(648,615)
- intangible asset	–	–	–	1,800,000	–	1,800,000
- financial assets	–	–	–	744,500	–	744,500
- Write down in value of inventories	36,107	1,932,000	–	–	–	1,968,107
- Property, plant and equipment written off	69	–	–	–	–	69
- Net unrealised gain on foreign exchange	(12,416)	–	–	–	–	(12,416)
- Gain on termination of lease contracts	–	–	–	(45,820)	–	(45,820)
	29,462	1,283,385	–	2,498,680	–	3,811,527

31. SEGMENT REPORTING (CONT'D)

31.1 Operating Segments (Cont'd)

2021

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Revenue						
Total revenue	11,476,548	–	2,589,497	3,147,674	694,382	17,908,101
Inter-segment revenue	(991,654)	–	–	–	–	(991,654)
External sales	10,484,894	–	2,589,497	3,147,674	694,382	16,916,447
Results						
Segment results	514,903	(84,457)	999,210	1,333,803	(2,161,695)	601,764
Interest income	15,131	1,476	91,760	–	2,028	110,395
Net loss on disposals of subsidiaries	–	–	–	–	(10,801,667)	(10,801,667)
Depreciation and amortisation	(815,383)	(290,825)	(302,706)	(1,365,703)	(24,141)	(2,798,758)
Other non-cash items	76,372	(723,454)	–	–	(2,758,869)	(3,405,951)
Operating (loss)/profit	(208,977)	(1,097,260)	788,264	(31,900)	(15,744,344)	(16,294,217)
Finance costs	(4,198)	–	(22,944)	(42,399)	–	(69,541)
(Loss)/Profit before taxation	(213,175)	(1,097,260)	765,320	(74,299)	(15,744,344)	(16,363,758)
Taxation	(6,602)	(46,266)	(206,986)	(76,443)	63,394	(272,903)
(Loss)/Profit for the financial year	(219,777)	(1,143,526)	558,334	(150,742)	(15,680,950)	(16,636,661)
Assets						
Segment assets	29,248,611	44,297,212	119,887,065	32,581,819	95,910,967	321,925,674
Included in the measure of segment assets - amounts of additions to non-current assets other than financial instruments and deferred tax assets:						
- property, plant and equipment	553,675	–	1,001,300	3,300	26,096	1,584,371
- right-of-use assets	33,930	629,622	–	832,488	–	1,496,040

31. SEGMENT REPORTING (CONT'D)

31.1 Operating Segments (Cont'd)

2021 (Cont'd)

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Liabilities						
Segment liabilities	5,942,111	146,197	664,340	4,214,826	384,339	11,351,813
Other Information						
Depreciation and amortisation						
- Amortisation of intangible asset	–	–	–	277,778	–	277,778
- Depreciation in respect of assets under leases included within:						
- Property, plant and equipment	32,504	35,755	–	–	–	68,259
- Investment properties	–	235,615	–	–	–	235,615
- Right-of-use assets	2,827	–	252,489	1,087,815	–	1,343,131
- Depreciation of own property, plant and equipment	780,052	19,455	50,217	110	24,141	873,975
	815,383	290,825	302,706	1,365,703	24,141	2,798,758
Non cash items other than depreciation and amortisation						
- Bad debts written off	15,538	–	–	–	–	15,538
- Impairment losses on:						
- property, plant and equipment	–	–	–	–	200,000	200,000
- investment properties	–	721,545	–	–	–	721,545
- financial assets	–	–	–	–	2,872,183	2,872,183
- Write down in value of inventories	37,621	–	–	–	–	37,621
- Property, plant and equipment written off	–	1,909	–	–	2,479	4,388
- Net unrealised (gain)/loss on foreign exchange	(129,531)	–	–	–	3,035	(126,496)
- Gain on de-registration of a foreign subsidiary	–	–	–	–	(211,932)	(211,932)
- Unwinding of discount on other receivables measured at amortised cost	–	–	–	–	(106,896)	(106,896)
	(76,372)	723,454	–	–	2,758,869	3,405,951

Notes To The Financial Statements (Cont'd)

31. SEGMENT REPORTING (CONT'D)

31.2 Geographical Segments

In determining geographical segments of the Group, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets. The non-current assets do not include financial instruments and deferred tax assets.

	2022 Revenue RM	2022 Non-current assets RM	2021 Revenue RM	2021 Non-current assets RM
Malaysia	35,157,673	73,459,356	14,622,970	81,705,420
Europe	419,068	–	445,977	–
United States	1,646,408	–	1,760,305	–
Others	42,108	–	87,195	–
	37,265,257	73,459,356	16,916,447	81,705,420

31.3 Major Customers

The following are the major customers with revenue equal to or more than 10% of Group's revenue:-

	Group 2022 RM	Group 2021 RM	Segments
Customer 1	10,043,894	6,523,199	Ceramic
Customer 2	15,233,227	3,147,674	Transportation and logistics

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial assets of the Group include other investment, financing receivables, trade and other receivables, fixed and short-term deposits with licensed banks, cash and bank balances.

Financial liabilities of the Group include trade and other payables, amount due to directors and hire-purchase payables.

In respect of the Company, financial assets and financial liabilities also include the amounts due from and due to subsidiaries.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.1 Categories of Financial Instruments

The Group's and the Company's financial instruments are categorised as follows:-

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Financial assets				
At fair value through other comprehensive income				
Unquoted equity investment	22,000,000	22,000,000	22,000,000	22,000,000
At amortised cost				
Financing receivables	179,476,710	82,731,078	–	–
Trade receivables	7,109,055	6,096,629	–	–
Other receivables and deposits #	10,459,054	8,133,252	243,450	13,950
Amount due from subsidiaries	–	–	256,552,616	188,618,877
Fixed and short-term deposits, cash and bank balances	112,810,015	101,956,416	92,605,398	63,377,763
	331,854,834	220,917,375	371,401,464	274,010,590

Financial liabilities

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
At amortised cost				
Trade payables	5,781,604	1,914,245	–	–
Other payables and accruals	3,520,746	4,300,004	164,047	372,839
Amount due to directors	–	3,931	–	–
Amount due to subsidiaries	–	–	3,060,585	3,572,840
Hire-purchase payables	83,197	42,002	–	–
	9,385,547	6,260,182	3,224,632	3,945,679

Exclude deposit for purchase of machinery and electric vans (Note 13.3)

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Financial Risk Management

The Group's financial instruments are subject to a variety of financial risks including credit risk, liquidity and cash flow risks and market risk.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

(a) Credit risk

Risk management

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its financing receivables, trade and other receivables, fixed deposits placed with licensed banks and bank balances. The Company's exposure to credit risk includes the amount due from subsidiaries.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management. New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses. Collateral is required for the business of financing activities.

The Group's fixed and short-term deposits and bank balances are only placed with licensed banks and the management consider the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

Measurement of expected credit loss allowances

The Group has four (4) types of financial assets which are subject to the expected credit losses ("ECLs") impairment model and they are:-

- Financing receivables;
- Trade receivables;
- Other receivables and deposits; and
- Fixed and short-term deposits and bank balances.

In respect of the Company, this includes the amount due from subsidiaries.

Fixed and short-term deposits and bank balances have a low credit risk as they are placed with reputable banks with high quality external credit ratings. Consequently, no allowance for impairment loss has been provided for in the financial statements.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Financing receivables

Impairment of financing receivables are recognised on the general approach within MFRS 9 using the forward-looking ECL model. Financing receivables are generally collateralised against stocks quoted on Bursa Malaysia Securities Berhad, properties, and fixed and/or floating charges over the assets a business. In respect unsecured lendings, customers are required to provide individual and/or corporate guarantee and indemnity to the Group. When measuring ECLs, the assessment is performed on individual customer and the Group takes into account of the cash flows expected from the realisation of the collaterals and the customer's financial strength.

In respect of secured financing receivables as at the end of the financial year, the market values of the collaterals as at 30 June 2022 are higher than the amount outstanding and hence, no loss allowance has been recognised in the financial statements.

In respect of the unsecured financing receivables, the management have not experienced any default on repayment and the management consider the risk of default by the borrowers as at the reporting date to be unlikely. Hence, no loss allowance has been recognised in the financial statements in relation to the unsecured financing receivables.

Trade receivables using the simplified approach

The Group applies the MFRS 9 simplified approach in measuring ECLs which estimates a lifetime expected credit loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of its customers in relation to the billings and invoices issued to customers over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within that period.

The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debts. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

Where the credit risk of a debtor has increased significantly and past due more than one (1) year, its ECLs are assessed individually by considering historical payment trends and financial strength of the debtor.

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor is having significant financial difficulty and does not have sufficient cash flows to repay its debts. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The Group's exposure to credit risk and allowance for ECLs on trade receivables are disclosed in Note 13.1.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Other receivables and refundable deposits

Impairment of other receivables and refundable deposits are recognised on the general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

Other than as disclosed in Note 13.2, based on the management's assessment, the probability of default by the other counterparties is low and hence, no loss allowance has been recognised in the financial statements.

Amount due from subsidiaries

The Company provides unsecured advances to subsidiaries and the Company monitors the results from their operations regularly.

The Company considers that the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. Since the Company is able determine the timing of repayments of the advances, the Company considers the advances to be in default if the subsidiaries are not able to pay when demanded. This is normally evidenced by the subsidiaries' continuing losses and having a deficit in shareholders' fund.

The Company determines that the probability of default for the amount due from subsidiaries individually using internal information. The Company's exposure to credit risk and loss allowance on amount due from subsidiaries are disclosed in Note 14. Other than those already impaired, no loss allowance has been recognised on the remaining amount due from subsidiaries as the Company considers them as low credit risk.

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure as disclosed below:-

(i) Amount due from fifteen (15) major customers representing approximately 98% (2021: eight (8) major customers representing 94%) of the total financing receivables. In addition to the collateral obtained by the Group, the repayments from these customers are closely monitored by the management to ensure that the terms agreed with the customers are complied with.

(ii) Amount due from two (2) major customers representing approximately 81% (2021: two (2) major customers representing approximately 87%) of the total trade receivables. The amounts due and repayments from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

(iii) Deposits paid pursuant to the Concept Masterplan Agreement representing approximately 58% (2021: 55%) of total deposits. In addition to the security obtained by the Group, the obligations by the counterparty are closely monitored by the management to ensure that they are appropriately fulfilled.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Financial Risk Management (Cont'd)

(b) Liquidity and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of credit risks has the effect of further minimising the incidence and effects of liquidity and cash flow risks.

Maturity analysis

The maturity profile of the Group's and of the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows:-

	Maturity Profile				
	Less than 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	Effective interest rate
Group - 2022					
Trade payables	5,781,604	–	–	5,781,604	–
Other payables	3,520,746	–	–	3,520,746	–
Hire-purchase payables	44,547	48,600	–	93,147	7.07% - 7.64%
Lease liabilities	58,765	42,761	–	101,526	5.75%
Group - 2021					
Trade payables	1,914,245	–	–	1,914,245	–
Other payables	4,300,004	–	–	4,300,004	–
Amount due to directors	3,931	–	–	3,931	–
Hire-purchase payables	26,700	17,747	–	44,447	7.07%
Lease liabilities	2,567,627	125,298	–	2,692,925	5.75%
Company - 2022					
Other payables	164,047	–	–	164,047	–
Amount due to subsidiaries	3,060,585	–	–	3,060,585	–
Company - 2021					
Other payables	372,839	–	–	372,839	–
Amount due to subsidiaries	3,572,840	–	–	3,572,840	–

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Financial Risk Management (Cont'd)

(c) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure are currency and interest rate fluctuations and which are discussed under the respective risk headings.

(d) Currency risk

The Group operates internationally and is exposed to foreign currency risk arising form transactions denominated in currencies other than functional currencies of the entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and European Union Euro ("EURO"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group does not speculate in foreign currency derivatives.

Exposure to currency risk

The foreign currency exposure profile of the Group's financial assets as at the end of the reporting period is as follows:-

	Denominated in foreign currency			
	USD RM	**AUD RM**	**EURO RM**	**Total RM**
Group - 2022				
Trade receivables	1,153,958	–	–	1,153,958
Fixed and short-term deposits, cash and bank balances	135,648	826	178	136,652
	1,289,606	826	178	1,290,610
Group - 2021				
Trade receivables	1,462,246	–	–	1,462,246
Fixed and short-term deposits, cash and bank balances	120,520	847	191	121,558
	1,582,766	847	191	1,583,804

The Group does not have any exposure in foreign currencies in respect of its financial liabilities as at the end of the reporting period (2021: NIL).

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Financial Risk Management (Cont'd)

(d) Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currency against the functional currencies at the end of the reporting period would have increased or decreased profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2022	**2021**
	RM	**RM**
USD	128,961	158,277
AUD	83	85
EURO	18	19
	129,062	158,381

(e) Interest rate risk

The Group has interest rate risk in respect of its hire-purchase payables, financing receivables and fixed and short-term deposits with licensed banks.

The Group's hire-purchase payables, financing receivables, fixed and short-term deposits with licensed banks are subject to interest based on fixed rates.

Market interest rate movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing deposits are restructured and reduced.

Interest rate risk sensitivity analysis

As the Group's hire-purchase payables, financing receivables, fixed and short-term deposits with licensed banks are based on fixed rates, a change in interest rate at the end of the reporting period would not affect profit or loss or equity.

33. FAIR VALUE MEASUREMENT

33.1 Fair Value Measurement Hierarchy

Other than as analysed in the tables below, the Group and the Company consider that the carrying amounts of those financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates.

There were no transfers in between fair value levels during the financial year ended 30 June 2022 and 30 June 2021.

(a) Assets measured at fair value

	Fair value measurement using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group and Company				
Unquoted equity investment at fair value through other comprehensive income (Note 10)				
- 2022	–	–	22,000,000	22,000,000
- 2021	–	–	22,000,000	22,000,000

(b) Assets not measured at fair value but for which fair value is disclosed

	Fair value measurement using				
	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
Group - 2022					
Investment properties	–	25,500,000	–	25,500,000	25,602,368
Group - 2021					
Investment properties	–	22,187,000	–	22,187,000	22,187,000

33.2 Determination of Fair Value

(a) Unquoted equity investment at fair value through other comprehensive income

The fair value of the unquoted equity investment has been determined by the management with reference to a valuation using discounted cash flow method. The inputs used for the determination of fair value are categorised as Level 3. The significant unobservable inputs to the valuation model are discount rate, projected future cash flows and terminal value. An increase in discount rate and decrease in projected future cash flows and terminal value will result in a significant decrease to the fair value and vice versa.

The fair value measurement of the unquoted equity investment is regularly monitored and reviewed by the management including any changes to the significant unobservable input and the management report directly to the Directors of the Company.

33. FAIR VALUE MEASUREMENT (CONT'D)

33.2 Determination of Fair Value (Cont'd)

(b) Investment properties

The fair value of the investment properties has been determined by an external independent property valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the property being valued.

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

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using debt-to-equity ratio. The Group's policy to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements and debt covenants, if any.

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

35. MATERIAL EVENTS DURING THE FINANCIAL YEAR

(a) As approved by its shareholders at an extraordinary general meeting held on 22 September 2021, the Company undertook a renounceable rights issue exercise and in connection thereto, on 20 January 2022, the Company issued 690,705,280 new ordinary shares ("the Rights Shares") on the basis of one (1) Rights Share for every one (1) existing ordinary share held in the Company at an issue price of RM0.15 per Rights Share together with 690,705,280 free detachable warrants ("the Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for. The rights issue exercise has raised a total cash proceeds of RM103,605,792.

The Rights Shares together with the Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 26 January 2022.

(b) On 21 January 2022, the Company entered into a sale and purchase agreement for the disposal of five (5) units of freehold 3-storey shop offices for a total cash consideration of RM7,650,000. The disposal was completed on 26 January 2022 and resulted in a loss of RM32,333.

(c) On 26 March 2021, APPI Sdn. Bhd. ("APPI"), a wholly-owned subsidiary of the Company entered into a Turnkey Agreement with Howellcare Industries Sdn. Bhd. ("Howellcare"), to appoint Howellcare as a turnkey contractor to plan, design, supply, install and commission four (4) nitrile butadiene rubber double former glove dipping production lines together with four (4) lines of utilities support system for a total contract value of RM54,800,000. However, on 22 March 2022, both parties have mutually agreed to terminate the Turnkey Agreement as the Directors considered that the venture into the glove production industry is no longer viable.

35. MATERIAL EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(d) On 21 March 2022, Alliance EV Sdn. Bhd. ("AEVSB"), a wholly-owned subsidiary of the Company entered into a memorandum of understanding ("MoU") with BYD Malaysia Sdn. Bhd. ("BYD") setting forth the initial intention and principles relating to the cooperation in the business of distribution of the fully electric commercial vehicle ("EV") and providing 4S services (i.e. sales, service, spare parts and body and paint services) in Malaysia as well as to explore the possibilities of local assembly of EV subject to the terms and conditions of the MOU. Further, binding legal obligations on both parties shall be subject to a full and comprehensive agreement to be mutually agreed by AEVSB and BYD in the future.

The salient terms of the MoU are as follows:-

(i) Scope of cooperation

- BYD will supply and AEVSB will purchase 101 units of BYD T3 electric vans (including one (1) pilot unit) to be used in courier service business;
- AEVSB will provide after-sales services for the 101 units of BYD T3 electric vans and BYD will provide technical assistance and spare parts for the after-sales services as well as support document for vehicle testing;
- BYD will provide support on warranty claim including part and/or component under warranty;
- AEVSB will ensure to carry out the EV business including vehicle testing and registration in compliance with applicable laws and regulations and explore the possibilities of local assembly of BYD T3 models in Malaysia.

(ii) The MoU shall be effective on 21 March 2022 and shall continue for a period of two (2) years unless terminated by AEVSB and BYD.

On 11 April 2022, AEVSB received a letter of appointment dated 31 March 2022 from BYD appointing AEVSB as BYD commercial electric van distributor in Malaysia effective from 1 April 2022 and until further notice ("the Appointment"). Pursuant to the Appointment, BYD would like AEVSB to explore and build a strategic plan in setting up a completely knocked down ("CKD") assembly plant or a full assembly plant in Malaysia ("the EV Project").

In relation to the purchase of the 101 units of BYD T3 electric vans, AEVSB has made an advance payment amounted to RM2,745,000 (Note 13.3). The pilot unit has arrived in Malaysia from Changsha, China in July 2022 and was released by the Royal Malaysian Customs on 10 September 2022 after obtaining an approval permit for fully imported vehicle from the Ministry of International Trade and Industry.

(e) On 8 April 2022, a wholly-owned subsidiary namely CSH Network Capital Sdn. Bhd. entered into a sale and purchase agreement for the acquisition of a freehold double-storey bungalow house located at Bandar Sungai Long, Selangor for a total cash consideration of RM2,900,000. The acquisition was completed on 20 April 2022.

(f) On 10 May 2022, AEVSB entered into a sale and purchase agreement with Medium Visa Sdn. Bhd. and Harapan Iringan Sdn. Bhd. for the acquisition of three (3) adjoining plots of leasehold industrial land (lease expiring on 8 December 2107) located at Tanjung Malim, Perak for a total cash consideration of RM12,000,000. The acquisition has yet to be completed pending the fulfilment of conditions precedent. The acquisition is for the purpose of setting up a CKD assembly plant or full assembly plant in relation to the EV Project as disclosed in Note 35(d) above. AEVSB has also paid a 10% deposit amounted to RM1,200,000 (Note 13.3) upon the execution of the sale and purchase agreement.

35. MATERIAL EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(g) On 20 May 2022, AEVSB entered into a sale and purchase agreement with M Xpress Sdn. Bhd. for the acquisition of a leasehold industrial land (lease expiring on 30 June 2067) located at Petaling Jaya, Selangor for a total cash consideration of RM10,000,000 and paid 10% deposit amounted to RM1,000,000 (Note 13.3) upon the execution of the sale and purchase agreement. The purpose of the acquisition is to set up a 4S Service centre and a showroom in relation to the EV Project as disclosed in Note 35(d) above. The acquisition has been completed on 21 July 2022.

(h) At an extraordinary general meeting held on 3 June 2022, the Company has obtained an approval from its shareholders on the proposed variation to the utilisation of proceeds raised from the Company's renounceable rights issue exercise as described in Note 35(a) above from manufacturing and trading of gloves to EV project (Note 35(d)) and financial services comprising moneylending and hire-purchase financing activities.

36. MATERIAL EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 1 October 2022, Omnipack Sdn. Bhd. ("OSB") issued an additional 974,900 new ordinary shares at an issue price of RM1 per ordinary share of which 779,900 ordinary shares were subscribed by the Company and the remaining 195,000 ordinary shares were subscribed by a creditor of OSB. The consideration for the shares issued amounted to RM974,900 was satisfied by way of capitalising the amount due to the Company and due to the creditor respectively. The partial subscription to OSB shares has resulted in a dilution of the Company's equity interest in OSB from 100% to 80%.

37. COMPARATIVE FIGURES

In the previous financial year, impairment losses on financial assets were included in other expenses whilst the reversals of impairment losses were included in other income in the statements of profit or loss and other comprehensive income.

For the current financial year, net impairment losses on financial assets has been presented as a separate line item in the statements of profit or loss and other comprehensive income. Accordingly, the following figures of the statements of profit or loss and other comprehensive income for the financial year ended 30 June 2021 have been reclassified to conform with the current financial year's presentation:-

	As previously reported RM	Reclassified RM	As restated RM
Group			
Net impairment losses on financial assets	–	(2,872,183)	(2,872,183)
Other expenses	(14,707,420)	2,872,183	(11,835,237)
Company			
Other income	2,593,575	(1,500)	2,592,075
Net impairment losses on financial assets	–	(2,870,683)	(2,870,683)
Other expenses	(36,817,196)	2,872,183	(33,945,013)

STATEMENT BY **DIRECTORS**

We, SIM CHIUN WEE and KENNY KHOW CHUAN WAH, being two of the Directors of CSH ALLIANCE BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 51 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 18 October 2022.

SIM CHIUN WEE
Director

KENNY KHOW CHUAN WAH
Director

Date: 18 October 2022

STATUTORY **DECLARATION**

I, KENNY KHOW CHUAN WAH, being the Director primarily responsible for the financial management of CSH ALLIANCE BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 134 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
KENNY KHOW CHUAN WAH at Kuala Lumpur in the)
Federal Territory this 18 October 2022)

KENNY KHOW CHUAN WAH
(MIA MEMBERSHIP NO.: CA 31967)

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CSH ALLIANCE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CSH ALLIANCE BERHAD, which comprise the statements of financial position as at 30 June 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 51 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 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.

Independent Auditors' Report
(Cont'd)

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

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
1. Impairment assessment on intangible asset As disclosed in Note 7 to the financial statements, the carrying amount of the Group's intangible asset as at 30 June 2022 was RM21,255,556, after deducting an impairment loss of RM1,800,000. The carrying amount of the intangible asset has been written down to its recoverable amount which is based on the asset's value in use ("VIU"). For the related disclosures, refer the following notes to the financial statements:- • Note 2.12 - Accounting policy for impairment of non-financial assets. • Note 3.2(a) - Key sources of estimation uncertainty on measurement for impairment on intangible asset. • Note 7 - Disclosure about the method used to measure the VIU. The measurement of VIU using the discounted cash flow projections is highly subjective as significant judgement is required to determine the appropriate discount and growth rates and it involves high level of estimation uncertainty in projecting revenue to be generated by the asset. Given the high level of subjectivity and estimation uncertainty involved and the significance of the asset to the Group, we considered this to be a key audit matter.	Our audit procedures include the following:- • Obtained understanding of the process by which the VIU model was developed; • Obtained understanding of the contract with customer in relation to services to be provided and the agreed fees structure; • Checked the reasonableness of revenue and cash inflows projected and whether they were consistent with the fees structure contracted with the customer; • Assessed the reasonableness of other key assumptions, such as discount and growth rates, used in the preparation of the VIU model; • Checked the arithmetical accuracy of the VIU calculations; and • Performed sensitivity analysis on a reasonable possible change in key assumptions used by the management to determine the VIU.

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

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Unquoted equity investment classified at fair value through other comprehensive income As disclosed in Note 10 to the financial statements, the Group has an unquoted equity investment with a fair value of RM22,000,000 as at 30 June 2022. The fair value has been determined by the management with reference to a valuation using discounted cash flow method. For the related disclosures, refer the following notes to the financial statements:- • Note 2.18.2(b) - Accounting policy for measurement of equity instruments. • Note 3.2(d) - Key sources of estimation uncertainty on measurement of unquoted equity investment where fair value is not available from active markets. • Note 33.2(a) - Disclosures about how has the fair value been determined and the significant unobservable inputs to the valuation model. The inputs used for the determination of fair value are categorised as Level 3 of the fair value hierarchy. The measurement of fair value using the discounted cash flow method is highly subjective and we focused on this area as the valuation is highly dependent upon, among others, the achievability of the investee's business plans.	Our audit procedures include the following:- • Considered the valuers' qualifications and determined whether there were any matters which might affect their objectivity or which may impose limitations or restrictions during valuation process; • Read the valuation report to obtain understanding and evaluated the reasonableness of methodology, key inputs and comparable companies used by the valuers; • Checked the arithmetical accuracy of calculations of the valuation model; and • Performed sensitivity analysis on a reasonable possible change in key inputs used in the valuation model comprising the discount rate, projected cash flows and terminal value.

Independent Auditors' Report
(Cont'd)

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

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
3. Measurement of expected credit losses on financing and trade receivables As disclosed in Notes 11 and 13.1 to the financial statements, the aggregate carrying amount of the Group's financing and trade receivables as at 30 June 2022 amounted to RM186,585,765 and this represents approximately 44% of the total assets of the Group. For other disclosures, refer the following notes to the financial statements:- • Note 2.18.4 – Accounting policy for measurement of expected credit losses. • Notes 3.2(e) and (f) – Key sources of estimation uncertainty on measurement for expected credit loss allowances on trade receivables and on financing receivables, respectively. • Note 32.2(a) - Disclosures about credit risk management for financing receivables and trade receivables. The measurement of expected credit loss ("ECL") requires the application of significant judgement and the estimation of the effects of uncertain future events such as risk of default and changes in macroeconomic conditions. In view of the significance of the carrying amount and the high level of subjectivity involved in the estimation of the ECL, we considered that this area as a key audit matter.	Our audit procedures include the following:- • Assessed the management's internal control for monitoring the debts and collections thereon; • In respect of financing receivables, we:- □ checked to collaterals held by the Group and collections subsequent to the financial year end; □ reviewed the Group's historical information and assessed whether there were defaults by borrowers, any credit losses experienced and actions taken by the management to recover the loans outstanding in the events of defaults; and □ obtained understanding of and evaluated the management's processes in assessing ECL for both secured and unsecured financing receivables using the historical and forward-looking information. • In respect of trade receivables, we checked the appropriateness of the historical data used in assessing the historical loss rates. We also evaluated the reasonableness of forward-looking macroeconomic factor used in determining the expected loss rates.

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Independent Auditors' Report (Cont'd)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

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

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

Independent Auditors' Report (Cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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.

FOLKS DFK & CO.
NO.: AF 0502
CHARTERED ACCOUNTANTS

SAM SIOW CHENG
NO.: 03306/06/2023 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 18 October 2022

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE ("AC")

The AC comprises the following members:-

Name of Directors	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ahmad Ruslan Zahari Bin Zakaria	Member	Independent Non-Executive Director
Ng Keok Chai	Member	Independent Non-Executive Director

The composition of the AC is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**") where all three (3) AC members are Independent Non-Executive Directors. The Company does not have any Alternate Directors on Board and there is no Alternate Director who have been appointed as a member of the AC.

The composition of the AC meets the requisite qualifications under Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available on the Company's website at https://www.cshalliance.com.my.

MEETINGS AND ATTENDANCE OF AC MEMBERS

The AC held five (5) meetings during the financial year ended 30 June 2022 ("**FYE 2022**"). The Executive Directors and representatives of the External and Internal Auditors were invited to attend AC meetings when required in order to facilitate direct communications regarding matters of significant concern or interest. The Minutes of the AC meetings were circulated to all members of the Board for notation.

The details of the meeting attendance of the AC members for the FYE 2022 were as follows:-

Name of Directors	Attendance*
Lim Peng Tong	5/5
Ahmad Ruslan Zahari Bin Zakaria	5/5
Ng Keok Chai	5/5

* The AC Meetings were held on 29 September 2021, 25 October 2021, 29 November 2021, 22 February 2022 and 31 May 2022 respectively.

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC

During the FYE 2022, the AC has discharged its functions and carried out its duties as set out in its Terms of Reference.

The AC had also met up with the External Auditors without the presence of all the Executive Board members twice during FYE 2022 to encourage a greater exchange of free and honest views between both parties.

Audit Committee Report (Cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in discharging of its functions and duties for the FYE 2022 and how it has met its responsibilities during the financial year were as follows:-

1. Financial Results

a) Reviewed the quarterly financial results of the Company and its subsidiaries ("**the Group**") focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events, and compliance with accounting standards and other legal requirements before recommending them for approval by the Board of Directors for the announcement to Bursa Securities; and

b) Reviewed the reports and the audited financial statements of the Group together with the External Auditors prior to tabling to the Board for approval.

In the review of the annual audited financial statements, the AC had discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements, as well as issues and reservations arising from the statutory audit.

The AC had met on the following dates during the financial year under review to deliberate on the financial reporting matters:-

Date of meeting	Financial reporting statement reviewed
29 September 2021	• Fourth quarter results for the financial period ended 30 June 2021
25 October 2021	• Audited Financial Statements for the financial year ended 30 June 2021
29 November 2021	• First quarter results for the financial period ended 30 September 2021
22 February 2022	• Second quarter results for the financial period ended 31 December 2021
31 May 2022	• Third quarter results for the financial period ended 31 March 2022

2. External Audit

a) Reviewed the Report on Significant Audit Findings for the financial year ended 30 June 2021, which included the External Auditors' significant audit findings and observations, the status of the audit, independence of the External Auditors and summary of adjusted audit differences;

b) Reviewed and discussed the Follow-Up Report for the financial year ended 30 June 2021 and areas for concern raised by the External Auditors;

c) Reviewed the Outline of Audit Plan for the FYE 2022 presented by the External Auditors, which included the External Auditors' audit approach and methodology, audit timetable, significant audit areas, reporting and deliverables in the current evolving environment due to the COVID-19, significant audit findings arising from previous year's audit, Malaysian Financial Reporting Standard and fees;

d) Assessed the suitability, objectivity, independence and performance of the External Auditors; and

e) Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls.

During the financial year, the AC had two (2) private discussions with the External Auditors on 29 September 2021 and 25 October 2021 respectively, without the presence of the Executive Directors and Management of the Company to discuss issues that arose from the external audit.

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in discharging of its functions and duties for the FYE 2022 and how it has met its responsibilities during the financial year were as follows (Cont'd):-

3. Internal Audit

a) Assessed the performance of the Internal Auditors;

b) Reviewed and approved the Internal Audit Services Proposal for the FYE 2022 and the internal audit fees;

c) Reviewed one (1) Internal Auditor's Report for the FYE 2022, which includes internal audit findings and the Management responses to rectify and improve the system of internal control; and

d) Monitored the implementation of the action plans recommended by Internal Auditors arising from its audits in order to obtain assurance that all key risks and controls have been dealt with effectively.

4. Related Party Transactions

a) Reviewed any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure, or course of conduct that raises questions on management integrity at each AC quarterly meeting.

b) Reviewed the draft Circular to Shareholders in respect of the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for approval.

5. Other matters

a) Reviewed the AC Report for disclosure in the 2021 Annual Report; and

b) Reviewed the Terms of Reference of the AC and Policies and Procedures to Assess the Suitability and Independence External Auditors.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system and reports directly to the AC.

The amount of fees for provision of services in relation to internal audit function paid by the Company for the FYE 2022 was amounted to RM10,000.

A summary of work of the internal audit function for the FYE 2022 was as follows:-

(a) Formulated the internal audit plan and presented the plan for the AC's review and approval;

(b) Conducted the internal audit review on the invoicing process of Line Haul Sdn. Bhd. ("**LHSB**"), a wholly-owned subsidiary of the Company with the objective to ensure there are proper controls, authorisation, policy and/or procedures in place to improve the control environment, internal control and governance process of LHSB;

(c) Based on the audit reviews carried out, reported the results of the audit reviews to the AC in the AC held on 31 May 2022. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements.

The internal audit reviews carried out during the FYE 2022 did not reveal weaknesses that have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

This AC Report was made in accordance with a resolution passed by the Board on 18 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") of CSH Alliance Berhad ("**CSH**" or "**the Company**") is pleased to present its Statement on Risk Management and Internal Control ("**SORMIC**") for the financial year ended 30 June 2022, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's ("**Bursa Securities**") Main Market Listing Requirements and in accordance with the SORMIC: Guidelines for Directors of Listed Issuers, issued by Task Force on Internal Control with the support and endorsement of Bursa Securities. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board undertakes the responsibility and re-affirms its commitment to maintaining a sound system of internal control that supports the achievement of the corporate policies, aims, and objectives of the Company and its subsidiaries ("**Group**") through continuous improvement on internal control and risk management. The Company's system of risk management and internal control is designed to safeguard shareholders' investments and the Company's assets, as well as to review the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Company's system of internal control is delegated to the Audit Committee ("**AC**"), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function.

However, as there are inherent limitations in any system of internal control, such a system put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

On 20 April 2011, the Board had established the Risk Management Committee ("**RMC**"), which comprises majority of Independent Non-Executive Directors and plays a more focused role in the direction and oversight of the Group's risk management policies. The composition of the RMC is as follows:-

Name of Directors	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ng Keok Chai	Member	Independent Non-Executive Director
Kenny Khow Chuan Wah *(appointed w.e.f. 25 October 2021)*	Member	Executive Director
Ahmad Ruslan Zahari Bin Zakaria *(ceased w.e.f. 25 October 2021)*	Member	Independent Non-Executive Director

The RMC, together with the Operational Management and Risk Officers, work hand-in-hand to safeguard the assets of the Group by identifying key business risks and ensuring that the identified risks are properly managed within budget, as well as the Group's operational and strategic plans.

The Board, together with the RMC, have tried to determine the core capabilities, divisions, competitive advantages, formation of the value-added chain, and thus key factors that contribute to the Group's value drivers. The risk management strategy will be aligned with the actions taken with business strategy, which is necessary to maximise organisational effectiveness.

Aside from the risk management policy, the Group has adopted an Enterprise Risk Management ("**ERM**") Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting, evaluating, and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board.

RISK MANAGEMENT (CONT'D)

Based on the ERM Framework, risk assessments that have been conducted through a combination of discussion by the Head of Department/Business Units and the top management, the Board and the RMC had noted the risk profiling results, which outlines the process followed in conducting an assignment and the risk register outputs from the exercise conducted. The results from the risk assessments will be able to provide the basis for business improvement strategies, developing cost-effective control strategies, and possibly internal audits to prioritise operational review.

The Group had on 18 October 2022 revised its Credit Policy to regulate and govern its moneylending business, as well as ensuring sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants at the same time establishing specific criteria to be met before granting of loans. Mechanisms such as the issuance of reminder letters, calls, and litigation processes have been established to monitor collections and minimise default risks.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board's attention are highlighted for review, deliberation, and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly, and any significant fluctuations are analysed and acted upon in a timely manner.

Issues relating to the business operations are highlighted for the Board's attention during Board meetings. The AC reviews internal control matters and updates the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:-

- Group's business objectives are communicated throughout the organisation through its business plan, management meetings, as well as the interaction between the Executive Directors, Management and employees;

- Defined organisation structure and delegation of responsibilities enable a clear reporting line from lower management level up to the Board;

- Policies, Procedures and Standard Operating Procedures which are systematically documented, revised regularly, and made available to guide staff in their daily operations;

- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues, and formulate corrective measures;

- Quarterly review of the financial performance of the Group by the Board and the AC;

- A Code of Business Ethics and Conduct is well communicated to all employees of the Group. All employees of the Group shall adhere to the Code of Business Ethics and Conduct of the Group, which sets out the principles and standards to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties; and

- The Anti-Bribery and Anti-Corruption ("**ABAC**") Policy of the Group was reviewed and revised on 18 October 2022. The ABAC Policy, which has been made available on the Company's website at https://www.cshalliance.com.my, sets out the Group's ABAC management and governance framework, as well as the Group's responsibilities in observing and upholding the Group's stance against bribery and corruption. Training and briefing in relation to ABAC Policy of the Group have been provided to all existing employees, Management, as well as Board of the Group, and the same would be provided for all new employees, Management and Directors to ensure all individuals within the Group are fully aware of the ABAC Policy.

Statement On Risk Management And Internal Control (Cont'd)

INTERNAL CONTROL (CONT'D)

Further, the following key internal control structures which provide guidance for the employees of the Group in dealing with risks in a rational and target-oriented manner are in place to assist the Board in maintaining a proper internal control system:-

- Adoption of the Group's risk management policy statement by all business units and divisions and decisions in relation to risk management to be made at the operational level where knowledge and expertise reside. Responsibility for risk management will be undertaken by business units or divisions with the guidance from the RMC;

- Risks identified to be formally reported to the RMC and the Board during the RMC and Board. Meeting to be held periodically;

- Incorporation of risk management in relation to business and operational planning into new projects; and

- Promotion of a proactive risk management approach and creation of the necessary risk awareness and cultivation of an intra-group risk and control culture.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit activities of the Group are carried out according to the internal audit service proposal approved by the AC. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profile of the Group and significant risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the AC.

The internal audit report is reviewed by the AC and forwarded to the Management so that any recommended corrective actions can be implemented. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. In addition, the status of the implementation of corrective actions to address the weaknesses is also followed up by the AC and RMC to ensure that these actions have been satisfactorily implemented. The Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

During the financial year under review, one (1) cycle of the internal audit was carried out for one (1) of the wholly-owned subsidiaries of the Company, namely Line Haul Sdn. Bhd. Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2022 amounted to RM10,000.

REVIEW BY THE BOARD

The Board's review of risk management and internal control effectiveness is based on information from:-

- Management within the organisation is responsible for the development and maintenance of the risk management and internal control system; and

- The work by the internal audit function, which submitted its reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Company's business environment.

Statement On Risk Management And Internal Control (Cont'd)

REVIEW BY THE EXTERNAL AUDITORS

The External Auditors of the Company have reviewed this SORMIC for the inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement, the Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets and has not resulted in any material loss, contingency or uncertainty.

The Board has not identified any circumstances that suggest any fundamental deficiencies in the Company's system of internal control. However, the Board is also cognisant that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, when necessary, the Board will put in place appropriate action plans to further enhance the system of internal control.

The Board has obtained assurance from the Executive Directors on whether the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2022.

This statement was approved by the Board of Directors on 18 October 2022.

LIST OF
GROUP PROPERTIES

No.	Location	Description and existing usage	Land area (sq. ft.)	Built-up area (sq. ft.)	Tenure	Approximate age of building (Years)	Net Book value as at 30 June 2022 (RM)	Date of revaluation/ acquisition
1.	No. 547-P, Jalan Wee Hein Tze, 11200 Tanjung Bungah, Pulau Pinang (Lot No. 999, Geran 3768, Tanjung Bungah, Daerah Timor Laut, Pulau Pinang)	Office	6,594	3,959	Freehold	43	2,330,880	24.08.2022
2.	Lot 906, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 18733, GM 4783, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Vacant land	115,527	N/A	Freehold	N/A	400,000	25.08.2022
3.	Lot 907, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 18735, GM 4782, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Vacant land	128,502	N/A	Freehold	N/A	400,000	25.08.2022
4.	Lot 947, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 947, GM 1342, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Warehouse	133,947	48,000	Freehold	24	2,248,107	25.08.2022
5.	Lot 948, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 13437, GM 1709, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Warehouse	136,669	60,000	Freehold	21	3,130,500	25.08.2022
6.	Lot 949, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 949, GM 678, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Warehouse	139,123	54,000	Freehold	17	2,713,297	25.08.2022
7.	Plot 57, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20790, PN 196575, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	24	1,330,560	25.08.2022
8.	Plot 58, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20791, PN 196576, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	24	1,422,822	25.08.2022
9.	Plot 55, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20788, PN 196573, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory and a single storey hostel	44,358	24,000	Leasehold (99 years) expiring on 7.12.2097	24	1,259,949	25.08.2022

List Of Group Properties (Cont'd)

No.	Location	Description and existing usage	Land area (sq. ft.)	Built-up area (sq. ft.)	Tenure	Approximate age of building (Years)	Net Book value as at 30 June 2022 (RM)	Date of revaluation/ acquisition
10.	Plot 56, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20789, PN 196574, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory	43,562	29,000	Leasehold (99 years) expiring on 7.12.2097	24	1,433,609	25.08.2022
11.	Plot 53 & 54, Jalan Logam 2, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot Nos. 20786 & 20787, PN 196570 & 1965723, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Warehouse	87,920	33,900	Leasehold (99 years) expiring on 7.12.2097	24	1,465,501	25.08.2022
12.	Unit No. C-10-3A, Block C, Flora Green Condominium, Jalan Sungai Long, Bandar Sungai Long, 43000 Kajang, Selangor (Geran 54185/M2-B/11/140, Parcel No. 140, Floor No. 11, Building No. M2-B, Parent Lot No. 27737, Section 5, Cheras, Daerah Hulu Langat, Selangor Darul Ehsan)	Hostel	1,787	1,787	Freehold	17	651,153	25.08.2022
13.	Nos. 99, 99-1 & 99-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka (Unit No. D-11, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, Daerah of Melaka Tengah, Melaka Darul Azim)	Office	4,620	4,620	Leasehold (99 years) expiring on 24.11.2109	7	1,014,881	25.08.2022
14.	Nos. 101, 101-1 & 101-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka (Unit No. D-12, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, Daerah Melaka Tengah, Melaka Darul Azim)	Office	6,719	6,719	Leasehold (99 years) expiring on 24.11.2109	7	1,381,973	25.08.2022
15.	Lot No. 12168, PN 65672, Kawasan Bandar XLV, Daerah Melaka Tengah, Melaka Darul Azim	Vacant land	246,601	N/A	Leasehold (99 years) expiring on 20.04.2115	N/A	10,800,000	25.08.2022
16.	Lot No. 12175, PN 65681, Kawasan Bandar XLV, Daerah Melaka Tengah, Melaka Darul Azim	Vacant land	250,799	N/A	Leasehold (99 years) expiring on 20.04.2115	N/A	11,000,000	25.08.2022
17.	No. 8, Jalan SL 8/11, Bandar Sungai Long, 43200 Cheras, Selangor. (HSD 33217, PT 20901, Mukim Cheras, Daerah Hulu Langat, Selangor Darul Ehsan)	Double storey bungalow house	10,450	4,202	Freehold	29	3,002,368	22.08.2022

ANALYSIS OF SHAREHOLDINGS
AS AT 3 OCTOBER 2022

Class of Securities	**:**	**Ordinary Shares**
Total Issued Share Capital	:	RM440,512,555.18 comprising 1,381,410,560 ordinary shares
Total Number of Holders	:	6,928
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Holdings	%
Less than 100 Shares	33	995	0.000
100 - 1,000 Shares	386	225,009	0.016
1,001 - 10,000 Shares	1,687	11,423,051	0.827
10,001 - 100,000 Shares	3,417	151,847,121	10.992
100,001 - less than 5% of issued Shares	1,403	820,240,384	59.377
5% and above of issued Shares	2	397,674,000	28.788
Total	6,928	1,381,410,560	100.000

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of the Company and their respective shareholdings based on the Register of Substantial Shareholders of the Company as at 3 October 2022 are as follows:-

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares Held	%	No. of Shares Held	%
MMAG Holdings Berhad	229,500,000	16.613	–	–
ChipSeng Heng Holdings Sdn. Bhd.	168,174,000	12.174	–	–
Chan Swee Ying [1]	32,302,786	2.338	229,500,000	16.613
Tan Yip Jiun [2]	–	–	168,174,000	12.174
Tan Yow Hua [2]	–	–	168,174,000	12.174

[1] *Deemed interested by virtue of her shareholdings in MMAG Holdings Berhad pursuant to Section 8 of the Companies Act 2016.*

[2] *Deemed interested by virtue of his shareholdings in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

Analysis Of Shareholdings (Cont'd)

DIRECTORS' SHAREHOLDINGS IN THE COMPANY OR IN A RELATED CORPORATION (INCLUDING NUMBER AND PERCENTAGE) BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings in the Company based on the Register of Directors' Shareholdings as at 3 October 2022 are as follows:-

	Direct Interest		Deemed Interest	
Directors	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Ahmad Ruslan Zahari Bin Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Ng Keok Chai	–	–	–	–
Sim Chiun Wee	–	–	–	–
Tan Yip Jiun *	–	–	168,174,000	12.174
Peter Yap	–	–	–	–
Kenny Khow Chuan Wah	–	–	–	–
Chong Koon Meng	1,000,000	0.072	–	–

* *Deemed interested by virtue of his shareholding in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

LIST OF TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name Of Shareholder	Shares	%
1	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for MMAG Holdings Berhad	229,500,000	16.613
2	Hong Seng Capital Sdn. Bhd. - pledged securities account for ChipSeng Heng Holdings Sdn. Bhd.	168,174,000	12.174
3	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Chan Swee Ying	32,302,786	2.338
4	Gadang Holdings Berhad	17,980,000	1.302
5	Lim Tuan	16,567,200	1.199
6	Lee Khim Hwa	9,100,000	0.659
7	Tiong Boon Ann	8,400,000	0.608
8	Tan Swee Ean	7,900,000	0.572
9	Liew Chee Keong	7,800,000	0.565
10	Lee Khim Hwa	7,678,000	0.556
11	Lee Khim Hwa	7,398,100	0.536
12	Lim Chiew Fang	7,107,500	0.515
13	Hong Seng Captial Sdn. Bhd. - pledged securities account for Ng Them Seang	5,900,700	0.427

Analysis Of Shareholdings (Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

No.	Name Of Shareholder	Shares	%
14	Yoong See Kin	5,510,000	0.399
15	Ho Kee Chye	5,300,000	0.384
16	Cheng Leh Theng	5,200,000	0.376
17	Ong Yong Hang	5,000,000	0.362
18	Maybank Nominees (Tempatan) Sdn. Bhd. - Tan Sun Ping	5,000,000	0.362
19	Jagdish Singh Pantlia	5,000,000	0.362
20	Ng Bi Yong	4,900,000	0.355
21	Kee Loong Sing	4,600,000	0.333
22	Public Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Johnson Hii Chang Hium	4,588,100	0.332
23	Loo Tiang Leng	4,500,000	0.326
24	Khaw Chong Jin	4,500,000	0.326
25	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Leow Teik Heng	4,203,000	0.304
26	Sunny Tan Kah Wei	4,000,000	0.290
27	Lim Suan	4,000,000	0.290
28	Ang Swee Kim	3,904,200	0.283
29	Fun Yoon Fah	3,763,900	0.272
30	HLIB Nominees (Tempatan) Sdn. Bhd. – Hong Leong Bank Bhd. for Ho Ah Chai	3,709,100	0.269
		603,486,586	**43.689**

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS B

AS AT 3 OCTOBER 2022

Class of Securities	:	Warrants B (2022/2027)
Total Number of Outstanding Warrants	:	690,705,280
Total Number of Warrantholders	:	113
Maturity Date	:	19 January 2027
Voting Rights	:	–

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS B

Size of Warrantholdings	No. of Warrant holders	Total No. of Warrants	%
Less than 100 Warrants B	1	94	0.000
100 - 1,000 Warrants B	9	5,400	0.001
1,001 - 10,000 Warrants B	22	175,700	0.025
10,001 - 100,000 Warrants B	49	1,969,400	0.285
100,001 - less than 5% of Warrants B	28	155,828,286	22.561
5% and above of Warrants B	4	532,726,400	77.128
Total	113	690,705,280	100.000

DIRECTORS' WARRANTHOLDINGS IN THE COMPANY OR IN A RELATED CORPORATION (INCLUDING NUMBER AND PERCENTAGE) BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

The Directors' warrantholdings for Warrants B in the Company based on the Register of Directors' Shareholding as at 3 October 2022 are as follows:-

	Direct Interest		Deemed Interest	
Directors	No. of Warrants B Held	%	No. of Warrants B Held	%
Ahmad Ruslan Zahari Bin Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Ng Keok Chai	–	–	–	–
Sim Chiun Wee	–	–	–	–
Tan Yip Jiun *	–	–	84,087,000	12.174
Peter Yap	–	–	–	–
Kenny Khow Chuan Wah	–	–	–	–
Chong Koon Meng	650,000	0.094	–	–

* *Deemed interested by virtue of his shareholding in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

Analysis Of Warrantholdings For Warrants B (Cont'd)

LIST OF TOP 30 WARRANTS B HOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Warrants B Holders	No. of Warrants	%
1	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for MMAG Holdings Berhad	194,500,000	28.160
2	Hong Seng Capital Sdn. Bhd. - pledged securities account for Ng Them Seang	185,301,100	26.828
3	Hong Seng Capital Sdn. Bhd. - pledged securities account for ChipSeng Heng Holdings Sdn. Bhd.	84,087,000	12.174
4	Hong Seng Capital Sdn. Bhd. - pledged securities account for Lee Heen Ming	68,838,300	9.966
5	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Choo Peng Hung	33,229,500	4.811
6	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Chan Swee Ying	32,302,786	4.677
7	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Cheok Kuang Yi	16,207,800	2.347
8	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Loh Yong Huat	15,951,700	2.309
9	Leong Seng Wui	9,800,000	1.419
10	Maybank Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Loh Lee Yin	9,242,000	1.338
11	Yap Bee Kian	7,181,800	1.040
12	Loh Mun Ling	5,645,000	0.817
13	Tee Shao Wei	4,784,000	0.693
14	Cheah Wan Yn	4,035,000	0.584
15	Cheah Min Lly	3,490,000	0.505
16	Kee Loong Sing	2,500,000	0.362
17	Kok Kwang Lim	1,590,000	0.230
18	Loo Chun Keat	1,168,000	0.169
19	Lee Heen Ming	1,148,000	0.166
20	Loh Siang Leong	1,038,000	0.150

Analysis Of Warrantholdings For Warrants B (Cont'd)

LIST OF TOP 30 WARRANTS B HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

No.	Name of Warrants B Holders	No. of Warrants	%
21	Putt Kai Zhi	1,000,000	0.145
22	Chin Sing Yi	1,000,000	0.145
23	Tan Phey Ying	730,000	0.106
24	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Leow Teik Heng	650,000	0.094
25	Chong Koon Meng	650,000	0.094
26	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Teoh Hai Hin	650,000	0.094
27	Maybank Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Law Choo Kiang	500,000	0.072
28	Maybank Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Purcon Capital Sdn. Bhd.	500,000	0.072
29	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Soo Kah Hong	250,000	0.036
30	Quek Kheng Long	234,700	0.034
		688,204,686	**99.637**

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second ("**22nd**") Annual General Meeting ("**AGM**") of the Company will be at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 November 2022 at 10:00 a.m., or any adjournment thereof, for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note (a))**

2. To approve the payment of Directors' fees of up to RM350,000/- for the financial year ending 30 June 2023 and thereafter, which is payable quarterly in arrears. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' benefits of up to RM40,000/- from 30 November 2022 until the next AGM of the Company in year 2023. **(Ordinary Resolution 2)**

4. To re-elect Mr. Chong Koon Meng, who is due to retire in accordance with Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election. **(Ordinary Resolution 3)**

5. To re-elect the following Directors, who are due to retire in accordance with Clause 121 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Ng Keok Chai; and **(Ordinary Resolution 4)**

   (b) Mr. Sim Chiun Wee. **(Ordinary Resolution 5)**

6. To appoint Messrs. ChengCo PLT as auditors of the Company in place of the retiring auditors, Messrs. Folks DFK & Co. and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolutions:-

7. **ORDINARY RESOLUTION** **(Ordinary Resolution 7)**
   WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 ("ACT")

   "**THAT** approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Section 85 of the Act to be read together with Clause 15 of the Constitution of the Company.

   AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 8 – Authority to Issue Shares pursuant to the Act."

8. **ORDINARY RESOLUTION** **(Ordinary Resolution 8)**
AUTHORITY TO ISSUE SHARES PURSUANT TO THE ACT ("PROPOSED GENERAL MANDATE")

"**THAT** contingent upon the passing of the Ordinary Resolution on waiver of pre-emptive rights under Section 85 of the Act and subject always to the Act, the Constitution of the Company, Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and subject to the approvals of the relevant governmental and/or regulatory authorities, where necessary, the Directors 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 always provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) pursuant to Paragraph 6.03(1) of the MMLR of Bursa Securities;

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."

9. **ORDINARY RESOLUTION** **(Ordinary Resolution 9)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTS") ENTERED INTO BETWEEN CHIPSENG HENG ENTERPRISE SDN. BHD. ("CHIPSENGHENG ENTERPRISE") AND CSH ALLIANCE BERHAD AND ITS SUBSIDIARIES ("CSH GROUP")

"**THAT** subject to the provisions of MMLR of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with ChipSengHeng Enterprise as described in Section 2.2 Part (a) of the Circular to Shareholders dated 28 October 2022 ("**Circular**"), **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

Notice Of Twenty-Second Annual General Meeting (Cont'd)

whichever is the earlier;

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 to give effect to the transactions contemplated and/or authorised by this resolution."

10. **ORDINARY RESOLUTION** **(Ordinary Resolution 10)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS ENTERED INTO BETWEEN MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES ("MMAG GROUP") AND CSH GROUP

"**THAT** subject to the provisions of MMLR of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with MMAG Group as described in Section 2.2 Part (b) of the Circular, **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

whichever is the earlier;

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 to give effect to the transactions contemplated and/or authorised by this resolution."

11. To transact any other ordinary business of which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
YEOW SZE MIN (SSM PC NO. 201908003120) (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
28 October 2022

Notice Of Twenty-Second Annual General Meeting (Cont'd)

Explanatory Notes:-

1. **Ordinary Resolution 1 – Directors' Fees for the Financial Year Ending 30 June 2023**

The proposed Ordinary Resolution 1, if passed, will allow the Company to pay Directors' fees of RM5,000/- and RM3,000/- per month to the Chairman of the Board and the Directors of the Company respectively, and it shall be payable quarterly in arrears after each quarter of completed service of the Directors of the Company.

As part of the plan to mitigate the impact of the COVID-19 pandemic on the Group's performance, the Board has voluntarily reduced the Directors' fees paid to the Chairman of the Board and the Directors of the Company by 40% since 1 July 2020.

As a token of appreciation for the Chairman's contribution to the Board, the Nomination Committee ("**NC**") has recommended to the Board for a Director's fee of RM5,000/- per month to be paid to the Chairman of the Board, while the Directors' fees paid to the Directors for the financial year ending 20 June 2023 shall remain at the reduced fee of RM3,000/- per month.

2. **Ordinary Resolution 2 – Directors' Benefits Payable from 30 November 2022 until the next AGM of the Company**

The proposed Ordinary Resolution 2, if passed, will authorise the payment of the Directors' benefits to the all Directors up to an amount of RM40,000/- with effect from 30 November 2022 until the next AGM in the year 2023.

The Directors' benefits payable shall comprise solely meeting allowances.

3. **Ordinary Resolutions 3, 4 and 5 – Re-election of Directors**

In determining the eligibility of the Directors to stand for re-election at the 22nd AGM, the NC having considered the requirements under Paragraph 2.20A of the MMLR of Bursa Securities, recommended for the re-election of Mr. Chong Koon Meng who is retiring pursuant to Clause 120 of the Constitution of the Company, and Mr. Lim Peng Tong and Mr. Sim Chiun Wee who are retiring pursuant to Clause 121 of the Constitution of the Company ("**Retiring Directors**").

The Board, through the NC, being satisfied with the performance/contribution of the Retiring Directors and independence of Mr. Lim Peng Tong, the Independent Non-Executive Director. Therefore, the Board would like to recommend the same be tabled to the shareholders for approval at the 22nd AGM under Ordinary Resolutions 3, 4 and 5 respectively.

4. **Ordinary Resolution 6 – Change of Auditors**

Messrs. Folks DFK & Co. has indicated that they do not wish to seek for re-appointment as auditors at the forthcoming 22nd AGM of the Company.

The Company has nominated Messrs. ChengCo PLT as auditors of the Company, subject to the shareholders' approval at the 22nd AGM and Messrs. ChengCo PLT have provided the Company with their Letter of Consent to Act pursuant to Section 264(5) of the Companies Act 2016.

5. **Ordinary Resolution 7 – Waiver of Pre-emptive Rights under Section 85 of the Act**

The Ordinary Resolution 7 is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act. By voting in favour of the Ordinary Resolution 7, the shareholders of the Company would be waiving their statutory pre-emptive right. The Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

Notice Of Twenty-Second Annual General Meeting (Cont'd)

6. **Ordinary Resolution 8 – Authority to Issue Shares Pursuant to the Act**

The Company had been granted a general mandate for issuance of new securities at the Twenty-First AGM of the Company held on 29 November 2021 (hereinafter referred to as the "**Previous Mandate**").

Subject to passing the Ordinary Resolution 7 on the waiver of pre-emptive rights under Section 85 the Act, the proposed Ordinary Resolution 8, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, the Company did not issue any shares pursuant to the Previous Mandate.

7. **Ordinary Resolutions 9 and 10 – Proposed Renewal of Shareholders' Mandate for RRPTs entered into between the following parties:-**
- ChipSengHeng Enterprise and CSH Group; and
- MMAG Group and CSH Group

The proposed adoption of Ordinary Resolutions 9 and 10 is to renew the shareholders' mandates for RRPTs granted by the Company's shareholders at the Annual General Meeting and Extraordinary General Meeting of the Company held on 29 November 2021 and 3 June 2022 respectively ("**Renewal of Shareholders' Mandates**"). The Renewal of Shareholders' Mandates will enable CSH Group to enter into the RRPTs which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 28 October 2022 for further information.

Notice Of Twenty-Second Annual General Meeting (Cont'd)

Notes to the Notice of the 22nd AGM:-

(a) This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(b) In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 22 November 2022 shall be eligible to attend the Meeting.

(c) The shareholder of the Company shall be entitled to appoint more than two (2) persons as his proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

(d) Where the shareholder appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the shareholder.

(e) The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney, and in the case of a corporation shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(f) Where the shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy.

(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or via electronic means through email to **mega-sharereg@megacorp.com.my** or via facsimile at 03-2732 5388 at least forty-eight (48) hours before the time set for holding the meeting, i.e., on or before 10:00 a.m., on Sunday, 27 November 2022 or at any adjournment thereof at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

(h) All the resolutions set out in this Notice are to be voted by poll.

CSH ALLIANCE BERHAD

CSH ALLIANCE BERHAD
[Registration No. 200001002113 (504718-U)]
(Incorporated in Malaysia)

CDS Account No.

No. of ordinary shares held

FORM OF PROXY

*I/We (full name in block), ____________________

bearing *NRIC No./Passport No./Company Registration No. ____________________

of (full address) ____________________

being shareholder(s) of CSH Alliance Berhad ("**the Company**") hereby appoint:-

First Proxy "A"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

and/or failing *him/her,

Second Proxy "B"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 November 2022 at 10:00 a.m., or any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction for voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Agenda	Resolution	For	Against
Ordinary business				
1.	To approve the payment of Directors' fees of up to RM350,000/- for the financial year ending 30 June 2023 and thereafter, which is payable quarterly in arrears	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits of up to RM40,000/- from 30 November 2022 until the next Annual General Meeting of the Company in year 2023	Ordinary Resolution 2		
3.	To re-elect Mr. Chong Koon Meng, who is due to retire in accordance with Clause 120 of the Company's Constitution	Ordinary Resolution 3		
4.	To re-elect Mr. Ng Keok Chai, who is due to retire in accordance with Clause 121 of the Company's Constitution	Ordinary Resolution 4		
5.	To re-elect Mr. Sim Chiun Wee, who is due to retire in accordance with Clause 121 of the Company's Constitution	Ordinary Resolution 5		
6.	To appoint Messrs. ChengCo PLT as auditors of the Company in place of the retiring auditors, Messrs. Folks DFK & Co. and to authorise the Directors to fix their remuneration	Ordinary Resolution 6		
Special Business				
7.	Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016	Ordinary Resolution 7		
8.	Authority to Issue Shares pursuant to the Companies Act 2016	Ordinary Resolution 8		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**RRPTs**") entered into between ChipSeng Heng Enterprise Sdn. Bhd. and CSH Alliance Berhad and its subsidiaries ("**CSH Group**")	Ordinary Resolution 9		
10.	Proposed Renewal of Shareholders' Mandate for RRPTs entered into between MMAG Holdings Berhad and its subsidiaries and CSH Group	Ordinary Resolution 10		

As witness my/our hand(s) this day ___________ of ____________________ 2022.

____
*Signature/Common Seal of Shareholder(s)

**Strike out whichever not applicable*

Notes:

(a) In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 22 November 2022 shall be eligible to attend the Meeting.

(b) The shareholder of the Company shall be entitled to appoint more than two (2) persons as his proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

(c) Where the shareholder appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the shareholder.

(d) The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney, and in the case of a corporation shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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(f) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or via electronic means through email to **mega-sharereg@megacorp.com.my** or via facsimile at 03-2732 5388 at least forty-eight (48) hours before the time set for holding the meeting, i.e., on or before 10:00 a.m., on Sunday, 27 November 2022 or at any adjournment thereof at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

(g) All the resolutions set out in this Notice are to be voted by poll.

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AFFIX
STAMP

SHARE REGISTRAR OF CSH ALLIANCE BERHAD

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan

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Fold This Flap For Sealing

CSH ALLIANCE BERHAD 200001002113 (504718-U)
Level 2, No.3, Jalan TP 2, Taman Perindustrian UEP
47600 Subang Jaya, Selangor Darul Ehsan, Malaysia
Tel : (+603) 7890 3535 **Fax :** (+603) 8011 7697

www.cshalliance.com.my