

COMPUGATES®

COMPUGATES HOLDINGS BERHAD

200401030779 (669287-H)

ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATUK ASMAT BIN KAMALUDIN

Non-Independent Non-Executive
Chairman
(Redesignated on 1 April 2023)

MOHAMED FAUZI BIN OMAR

Non-Independent Non-Executive Director
(Redesignated on 1 April 2023)

GOH TAI WAI

Non-Independent Non-Executive Director

SEE THOO CHAN

Executive Director

LOW GEOK ENG

Independent Non-Executive Director
(Appointed on 1 April 2023)

TAN SIEW LI

Independent Non-Executive Director
(Appointed on 1 April 2023)



AUDIT COMMITTEE

Chairman

Low Geok Eng

Member

Tan Siew Li
Goh Tai Wai

NOMINATION COMMITTEE

Chairman

Tan Siew Li

Member

Low Geok Eng
Goh Tai Wai

REMUNERATION COMMITTEE

Chairman

Low Geok Eng

Member

Mohamed Fauzi Bin Omar
Tan Siew Li

RISK MANAGEMENT COMMITTEE

Chairman

Tan Siew Li

Member

Low Geok Eng
Goh Tai Wai

COMPANY SECRETARIES

Chen Wee Sam

(LS0009709)
(SSM PC No. 202008002853)

Hew Chee Hau

(MIA 21967)
(SSM PC No. 201908001291)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 &
LLP0022494-LCA)
Chartered Accountants (AF 0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel : 03-2692 4022
Fax : 03-2691 5229

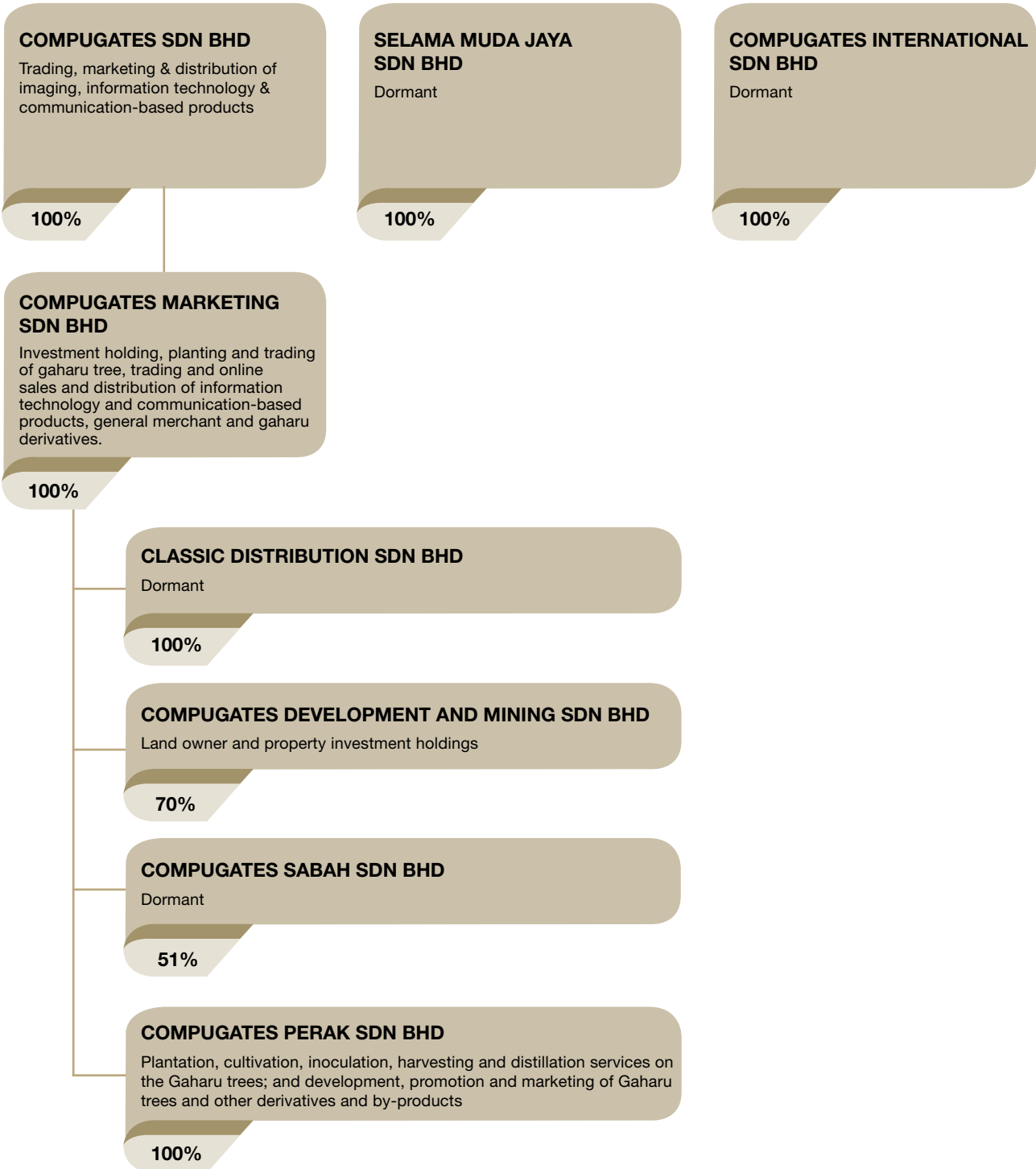
STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad
Stock Short Name : COMPUGT
Stock Code : 5037

GROUP CORPORATE STRUCTURE

COMPUGATES®

COMPUGATES HOLDINGS BERHAD
INVESTMENT HOLDING AND PROVISION OF MANAGEMENT SERVICES



CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors of Compugates Holdings Berhad (“Compugates” or the “Company”), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2022 (“FYE 2022”).

CHAIRMAN'S STATEMENT (CONT'D)

ECONOMIC REVIEW

The Malaysian economy rebounded strongly during 2022 with the growth of 7.0% year-on-year in fourth quarter of 2022, and landing at a growth pace of 8.7% year-on-year for Year 2022, which was also the fastest annual GDP growth rate since Year 2000. The economic growth momentum boosted by the easing of Covid-19 restrictive measures had resulted in a rebound in private consumption in conjunction with buoyant exports of electrical and electronic products, palm oil products as well as oil and gas export.

The war between Russia-Ukraine happened in early Year 2022 had resulted in higher world oil and gas prices which in return boosted Malaysian energy exports and contributed to higher fiscal revenues. Simultaneously it had also disrupted the world edible oil market which benefited the Malaysian economy in higher average palm oil prices.

As per S&P Global, electrical and electronics sector had also been an important positive driver of Malaysia's manufacturing export in Year 2022 whereby it accounted for 38% of the merchandise export resulting in an increased by 30% year-on-year. The sudden spike was mainly attributable to vigorous global demand for the semiconductor, reflecting on the adoption of technology enhancement such as Internet of Things, 5G rollout and Cloud computing.

The momentum of the Malaysian economic growth is expected to be moderated in Year 2023 due to a number of headwinds, including the impact of high base year effects and slowing export growth. However, the reopening of international borders across Asia Pacific region mainly on mainland China, where the tourism industry was expected to regain its momentum (an important key driver of the Malaysian economy pre pandemic). On the other hand, domestic expenditure is expected to remain robust with the expected improvement in labour market condition via easing of restriction on entry of foreign workers.

Lastly, with Bank Negara Malaysia most recent monetary policy tightening in last quarter of 2022 by increasing the Overnight Policy Rate for another 25 basis points to 2.75 percent, Malaysia 2023 CPI inflation pressures is expected to gradually moderate in Year 2023.

PERFORMANCE REVIEW

For FYE 2022, the Group registered a revenue of approximately RM 5.5 million, a decreased by RM3.5 million or 39% compared to the preceding financial year ended 31 December 2021 ("FYE 2021") of approximately RM9.0 million. This was mainly attributable to lower demand of imaging products, information technology hardware products and related consumable cartridges from reseller as a result of easing of containment measures.

The Group recorded a marginally higher loss after taxation of approximately RM7.8 million which was approximately RM0.4 million higher compared to the FYE 2021 of approximately RM7.4 million. This was a result of lower gross profit due to lower revenue followed in conjunction with higher operating cost mainly on administrative expenses.

CORPORATE DEVELOPMENT

On 23 March 2022, the Board of Directors of Compugates announced that the private placement of up to 20% of the total number of issued shares of Compugates, involving up to 763,940,372 of new ordinary shares was deemed completed with the listing of 763,940,372 new ordinary shares, raised a total gross proceeds of RM6.88 million.

On 23 February 2023, the Board of Directors of Compugates announced that the Private Placement of up to 20% of the existing total number of issued shares of Compugates, involving up to 916,728,447 new ordinary shares was deemed completed with the listing of 916,728,447 new ordinary shares, raised a total gross proceeds of RM9.87 million.

The proceeds raised from the above private placements were expected to improve the Group's overall financial position and ameliorate financial performance moving forward via investment in joint development of land and agarwood plantation.

CHAIRMAN'S STATEMENT (CONT'D)

OUTLOOK AND PROSPECTS

The Board is of the view that, barring any unforeseen circumstances, the trading and distribution business is expected to remain very challenging given the competitive market environment. To bolster the effects, the Company is expanding its sale and marketing channels by merging into e-commerce platforms to sell multiple brand products online.

Currently, the Company is primarily focused on ensuring the smooth facilitation of phase 1 of the joint development of land which involves the development of 418 units of houses, 278 units of Rumah Selangorku and other relevant residential infrastructure.

Additionally, the Company's current agarwood plantation spans over 54 acres of land in Kuala Kangsar, Perak, which houses approximately 20,312 agarwood trees. Upon the successful process of inoculation trials on some of the agarwood trees and the support from the Joint Agarwood Business Collaboration Agreement, this may provide the Company with a window to further expand its agarwood business capacity. The Board opines that such expansion may contribute positively to the future earnings of the Company and thus, improving the financial performance and financial position of the Company moving forward.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere thanks to our valued customers, business associates and suppliers for their continuous support, trust and understanding.

I would also like to take this opportunity to extend my gratitude and appreciation to our fellow Board members, management and staff for their hard work, dedication and commitment to the Group.

Last but not least, to our shareholders, I wish to express my heartfelt appreciation for your confidence in Compugates.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

The Management of Compugates Holdings Berhad (“Compugates” or “the Company”) is pleased to present the management discussion and analysis of the business, operations and performance of the Company and its subsidiaries (collectively referred to as “Group”) during the financial year ended (“FYE”) 31 December 2022.

FINANCIAL RESULTS AND PERFORMANCE STATEMENT

According to department of statistic Malaysia, inflation for the overall year 2022 increased by 3.3% as compared to 2.5% in the preceding year. Whereby the inflation applies to all industry including the price up for all goods and services. As a result, the Malaysian market may experience a downward pressure on its sales activity in the upcoming months in conjunction with the monetary tightening policy, global economic slowdown and rising cost of living.

For the FYE 31 December 2022, the Group recorded a revenue of RM 5.5 million, a decreased by RM3.5 million or 39% compared to the revenue of RM9.0 million for FYE 31 December 2021. The lower revenue was mainly attributable to lower demand of imaging products, information technology (“IT”) hardware products and related consumable cartridges from reseller as a result of easing of containment measures.

The Group incurred a slightly higher loss before taxation of RM7.8 million during FYE 31 December 2022, which was approximately RM0.4 million or 5.8% higher compared to a loss before taxation of RM7.4 million in the preceding FYE 31 December 2021. The slightly higher loss before taxation in FYE 31 December 2022 was mainly attributed by lower gross profit by approximately RM0.3 million, followed by an increase in administrative expense amounting to approximately RM1.6 million with an offset by lower finance cost amounting to approximately RM1.3 million.

FINANCIAL AND OPERATING RISKS

In this challenging operating environment, financial risk remains the potential major risk faced by the Group. The Group’s retained earnings reduced from approximately RM8.6 million in FYE 31 December 2021 to RM1.2 million in FYE 31 December 2022. One of the major contributing factor is the reliance on the Trading and Services business (IT distribution) which is subject to cyclical demand and encroachment of digital platform such as Lazada and Shopee. Thus, the Group undertook fund raising exercises such as a private placement to revamp its business model to fill up the gap between current assets and current liabilities. Additionally, the Group has also enlarged its revenue stream by diversifying the Group’s business to joint development of land, Gaharu (Agarwood) plantation as well as other online businesses.

Next in view of the diversification into joint development of land, the Group’s performance are indirectly expose to the property industry risks as the Group’s performance would be materially affected by the performance and undiversified business risk associated with the property development industry such as shortages of building materials, increase in labour cost due to revised of minimum wages, shortages of foreign labour force, default by purchaser and increase of cost of financing for property acquisition. Nonetheless, the Group seeks to mitigate these risks by, inter-alia, prudent financial policies, continuous review of operations, effective resources management and cost-control policies, and monitoring the price trends of building materials.

Additionally, the joint development of land is also exposed to project risk which may lead to delay in the commencement and completion of property development projects. Such risks include, but not limited to natural disasters, adverse weather conditions, delay in obtaining approvals/ permits necessary for property development projects, shortage or unavailability of building materials and/ or labour workforce, outbreaks of diseases or pandemics, as well as other unforeseen circumstances which may cause material adverse impact on the Group’s performance. As such the Group will impose close monitoring and or supervising on the progress as well as project milestones and deadline checking during the land transfer processes and upon commencement of the property development project to minimize exposed project risk.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONT'D)

FINANCIAL AND OPERATING RISKS (CONT'D)

Last but not least, with the diversification into joint property development and Gaharu plantation, the Group is subject to risks inherent in the property development and agarwood plantation industry. These include but not limited to, adverse changes in supply and demand conditions, downturns in the global, regional and/ or national economies, cost of equipment, availability of technical expertise, availability of financing, emerging and future technological changes and the existence of other alternatives in the property development or Gaharu plantation industries. Nonetheless, the Board and management will adopt prudent financial management and efficient operating procedures to limit the potential adverse impact of financials.

FUTURE PROSPECTS

In the recent financial years, the Group Trading and Services business (IT distribution) has been its major revenue contributor. Moving forward, the Property Development segment is expected to contribute significantly towards the Group financials, wherein the sales of Phase 1 for the development project on the 62 acres of land ("JVA Development") later is targeted to commence in 2023 upon completion of earth work and successful sales.

The total Gross Development Value ("GDV") of the JVA Development is totalling at RM775 million over 5 Phases whereby Phase 1 is forecasting at a GDV of RM230 million with the Group entitlement of 20.0% of the GDV.

Additionally, with the support from the Joint Agarwood Business Collaboration Agreement, moving forward the Group target to expand its Agarwood plantation segment through the provision of inoculation, harvesting and distillation services on its agarwood trees, sale of agarwood trees to third-party owners and the sale of harvested resin to Agarwood end product sellers.

Pursuant to the materialisation of the JVA Development and expansion of Agarwood plantation segment, the Group will be able to recognise revenue contribution, which will provide the Group with a steadier revenue flow and an additional form of revenue that will contribute positively to the Group's earnings.

Lastly, the Group has yet to establish any dividend policy as the Group continues to pursue growth strategies. By having considered the Group's performance as well the Group's needs for future growth, the Board is not recommending any dividend for FYE 31 December 2022. However, the Group is committed to ensure shareholders have fair and equitable return of investment in the future.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors (“Board”) of Compugates Holdings Berhad (“Compugates” or “the Company”) is pleased to present its Sustainability Statement for the financial year ended 31 December 2022. Compugates recognises that its responsibility to its stakeholders is to deliver sustainable financial results and uphold good corporate governance. Sustainability is one of the key component for companies to promote value creation, and demand for increased transparency on listed companies’ economic, environmental, social (“EES”) and corporate governance practices.

Our strategies are focused not only at maximising shareholders returns but at the same time, contribute to the communities, preserving environment as well as protecting the wellbeing, safety and health of our employees and to the communities where we conduct our business operation.

SCOPE AND REPORTING BOUNDARY

This Sustainability Statement covers the business operations of Compugates and its subsidiaries (collectively referred to as “Group”) in Malaysia and has been prepared in accordance with the guidelines set out in the Main Market Listing Requirements in relation to the Sustainability Statement in Annual Report of Listed Issuers (“Guidelines”) issued by Bursa Malaysia Securities Berhad.

ABOUT US

Compugates was established in 1997 as a private limited company and has been involved with distribution of digital cameras, telecommunication-based and information technology related products. Compugates was listed on the Main Board of Bursa Malaysia Securities Berhad on 30 December 2005.

The Group has since listing diversified into distribution of green energy products, agriculture, timber concession, property investment and moving towards joint property development as well.

GOVERNANCE STRUCTURE

The Board is accountable for the oversight of management of sustainability matters, and responsible for setting and embedding sustainability-related strategies into the Group’s business operations. The Board is supported by the Management in overseeing the implementation of sustainability strategy and considers input of all business divisions in sustainability processes.

Going forward, the Group aims to enhance the governance structure to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies of the Group.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

Regular engagement with our stakeholders allows us to understand their needs and expectations, identify gaps and enable us to make informed assessments and formulate strategies for execution to bridge such gaps. We define our stakeholders as those impacted by our business activities, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our business activities.

Stakeholder Group	Engagement Method
Customers/Dealers	<ul style="list-style-type: none"> Meetings and Networkings Emails Company Website
Government/ Regulators	<ul style="list-style-type: none"> Events and Seminars Briefings and Trainings Regular Consultation and Meetings
Employees	<ul style="list-style-type: none"> Annual Performance Review Employee Events Knowledge Sharing Sessions Management Meetings
Suppliers	<ul style="list-style-type: none"> Supplier Reviews Regular Meetings and Correspondence

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT (CONT'D)

Stakeholder Group	Engagement Method
Shareholders/Investors	<ul style="list-style-type: none"> • General Meetings • Company Website • Annual Report • Quarterly Reports • Company Announcements
Community	<ul style="list-style-type: none"> • Community Outreach Programmes • Participation in Local Community Activities • Sponsorship

We have identified material topics for reporting based on the significance of our EES and economic impacts and the degree of influence where we see the most potential for creating maximum value for our stakeholders. The identified topics are then discussed and prioritised.

Pillar	Material Sustainability Matters
Economic	<ul style="list-style-type: none"> • Economic Performance • Managing Our Customers/Dealers • Business Conduct
Environmental	<ul style="list-style-type: none"> • Sustainable Business • Environmental Laws and Regulations • Energy Management • Recycled Materials
Social	<ul style="list-style-type: none"> • Occupational Health and Safety • Employee Training and Development • Diversity and Equal Opportunity • Employee Welfare

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY MATTERS (CONT'D)



ECONOMIC

Economic Performance

We are committed to achieving economic sustainability growth for our shareholders. Economic performance is the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Compugates firmly believes that focusing on financial sustainability and positive economic performance is critical to the Group's business continuity.

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report.

Managing Our Customers/Dealers

We aim to provide products and services which meet our customers/dealers satisfaction and exceed their expectations. Knowing exactly what customers/dealers expect from us improves our bottom line and strengthens our reputation in the long term. Engaging with our customers/dealers regularly enable us to understand their needs and expectations, identify gaps and enable us to make informed decisions. We encourage our customers/dealers to provide their feedback. The feedback obtained is reviewed and relevant follow-up actions are performed to improve their satisfaction.

In this challenging operating environment, the Group is mindful that an equilibrium needs to be achieved with the appropriate strategies in sustaining our business. In managing our customers/dealers, the Group have implemented policies to ensure that credit sales of products and services are made to dealers/customers with an appropriate credit standing or with an appropriate credit history.

Business Conduct

- **Corporate Governance**

The Board are committed to the best practices in corporate governance to ensure sustainability of the Group's operations.

Compugates are guided by the Malaysian Code on Corporate Governance 2021. The Board believes that good corporate governance is an indication of the commitment by the Board to achieve the highest standards of professionalism and business ethics across the Group's activities. The details of our corporate governance practices of the Group are elaborated in the Corporate Governance Overview Statement of this Annual Report.

- **Personal Data Protection Act ("PDPA")**

We are committed to ensuring the confidentiality, protection, security and accuracy of personal data made available to us. To this end, we have established a PDPA 2010 Notice and Choice, available for viewing at our corporate website.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY MATTERS (CONT'D)



ENVIRONMENT

Sustainable Business

Businesses that embrace sustainability are able to thrive in the long-term, together with society as a whole. As part of our commitment to build a sustainable future for all, we ensure that the approach adopted across our diversified business supports the protection of the environment while at the same time providing us with positive financial impact.

Our Group, via our subsidiary, is involved in the business of agarwood (gaharu), a rare resinous heartwood traditionally sourced from the wild in the Southeast Asian countries. It is mainly traded in the form of wood chips, or distilled into oil form and can be used in fragrance products. Due to its strong demand in the global market, agarwood has been indiscriminately harvested in the past to meet market demand. As a result, agarwood resources are depleting. It is listed on the International Union for Conservation of Nature as endangered species, and the global trading of agarwood and its by-products are required to obtain permit from the Convention on International Trade in Endangered Species of Wild Fauna and Flora. To this end, by having our own plantation in Kuala Kangsar with the size of 54 acres, we aim to soften the impact of this depleting endangered species, whilst bolstering the supply and growth of agarwood market.

The Group practices organic farming and has obtained the “MYOrganic” status as a commitment to environmental sustainability and good practices. The products sold meets the Malaysian organic scheme requirements for crops under Ministry of Agriculture and Agro-Based Industry Malaysia, and also complied with Malaysian Halal standard.

With these efforts, Compugates hopes to make a difference and have a positive impact on the environment and at the same time educate the community on the advantages of contributing to green environment.

Environmental Laws and Regulations

In 2022, there was no incidence of non-compliance with laws and regulations resulting in significant fines or sanctions, and we endeavor to maintain this track record.

Energy Management

Compugates is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our workplace and the environment where we operate.

We are committed to preserving the environment by implementing environmental-friendly practices in our operations. We have implemented switching-off centralised air-conditioning during lunch hour for our office for energy savings. We also encourage our employees to adopt an energy-savvy behaviour such as switching off the lights and other electrical equipment during lunch time and when they are not in the office. Besides the above initiatives, we further encourage our employees to suggest energy and resource-saving initiatives.

Recycled Materials

In our office, recycled paper is used for photocopying, while papers, envelope, letterheads, soft and hard cover files are reused and recycled. The usage of emails and electronic communications minimises the use of paper, thus reducing the amount of waste generated. Employees are encouraged to re-use envelopes, papers and boxes, as much as possible.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY MATTERS (CONT'D)

SOCIAL

Occupational Health and Safety

As a responsible and caring employer, Compugates has always given priority towards maintaining a safe and healthy working condition for its employees. Compugates also emphasises on staff welfare and development. Employees are provided with personal accident and insurance coverage as part of their employment benefits.

There have been no work place incidents for 2022.

Employee Training and Development

We focus on attracting and retaining talent and then helping them to develop their skills to drive our Group's success. We provide continuous support by way of employee training and development and encourage them to take ownership of their personal growth. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training. Besides the training and development programmes provided to the employees, the Directors of the Company also took initiative to participate in trainings during the financial year 2022 to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties as disclosed in the Corporate Governance Overview Statement of this Annual Report.

Apart from the above, Compugates had also designed relevant programs aimed at grooming new talents to speed up the mastery of management techniques and real-world skills in a specific area of expertise and across functions. This fast-track program will swiftly propel high-performing young talents to key positions and impactful roles in future.

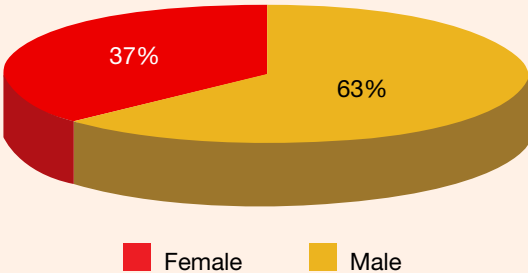
Diversity and Equal Opportunity

The Group places importance on hiring the right candidate for the right job. As the Group moves forward, it will continue to focus on attracting quality talent who best fit its job requirements and complement its work culture. The Group firmly believes that by aligning its recruitment strategies, the Group will continue to attract the best talent to further enhance Compugates values and achievements.

Compugates is committed to recognising and utilising the contribution of diverse skills and talent from its Directors, officers and employees as a means of enhancing the Group's performance.

The Board is actively managing its workforce diversity to ensure equal employment opportunity between male and female. Diversity may result from wide range of factors which include age, gender ethnicity or cultural background. Currently, the workforce of the Group comprising of 63% of male and 37% of female. The Group fosters an environment where the ability to contribute and access to employment opportunities is based on performance, skills and merits. These will include equal opportunity in respect to employment and employment conditions such as hiring, training for professional development and promotion for career advancement.

Employee by Gender



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Employee Welfare

Our work environment are aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career. We have structured attractive remuneration packages to ensure employees are justly rewarded and to ensure that we remain competitive to attract strong talent.

Compugates endeavors to the best of its ability to encourage long term career for its employees. As a token of appreciation for long serving employees, service awards for 5 years and 10 years' service are presented annually.

Employee wellbeing has important implications for productivity and work relationships. Compugates has established a Recreation Club managed by representatives voted annually to organise team building, sports activities, trips, events celebration, gatherings and dinners to promote warm working relationships and interactions among the employees.

Sustainability Endeavour

The journey towards sustainability is an on-going effort. We recognise that we still have room for improvement, both in terms of initiatives undertaken and our reporting structure. We will continue to keep abreast of developments in our industry, actively and regularly engage our stakeholders, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

DIRECTORS' PROFILE

TAN SRI DATUK ASMAT BIN KAMALUDIN

Non-Independent Non-Executive Chairman

Malaysian/ Aged 79/ Male

Tan Sri Datuk Asmat Bin Kamaludin was appointed an Independent Non-Executive Chairman to our Board on 8 November 2005. He was re-designated as Non-Independent Non-Executive Chairman on 1 April 2023.

Tan Sri Datuk Asmat holds a Bachelor of Arts Degree in Economics from the University of Malaya and a Diploma in European Economic Integration from the University of Amsterdam. He has vast experience acting in various capacities in public services sector. His last position being Secretary General of the Ministry of International Trade and Industry (MITI), a position he held from 1992 to 2001. He has served as Senior Economic Counselor for Malaysia in Brussels and has worked with several international bodies such as the Association of South East Asian Nations (ASEAN), World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), representing Malaysia in relevant negotiations and agreements.

Whilst in the service of the Malaysian government, Tan Sri Datuk Asmat was also actively involved in several national

organisations such as Permodalan Nasional Berhad, Johor Corporation, Small and Medium Scale Industries Development Corporation (SMIDEC) and Malaysia External Trade Development Corporation (MATRADE). In 2008, Tan Sri Datuk Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia, a position he held for 6 years. On 11 November 2014, Tan Sri Datuk Asmat was conferred the prestigious "Order of the Rising Sun, Gold and Silver Star" by the Government of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

Tan Sri Datuk Asmat is an Independent Non-Executive Director of both Air Asia X Berhad and Malayan Cement Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of the JACTIM Foundation.

MOHAMED FAUZI BIN OMAR

Non-Independent Non-Executive Director

Malaysian/ Aged 64/ Male

En. Mohamed Fauzi Bin Omar was appointed an Independent Non-Executive Director on 8 November 2005. He was re-designated as Non-Independent Non-Executive Director on 1 April 2023 and is a member of the Remuneration Committee of the Company.

He holds a Master of Business Administration from Northland Open University Canada and International Management Center of Buckingham from the United Kingdom ("UK"). He is also an Associate of the Chartered Institute of Marketing-UK and holds a Diploma in Science (Biology) with Education from Universiti Pertanian Malaysia.

He started his career with British Petroleum (M) Sdn Bhd, where he served for almost five (5) years since 1983.

He held numerous senior management positions in the telecommunications industry, particularly the cellular mobile operations both locally and abroad. A co-founder of Celcom (Malaysia) Berhad, he served the company from 1988 to 1996 as the Chief Operating Officer of Celcom Technology Sdn Bhd (Celcom's Value added arm) cum Senior Vice President of Celcom, overseeing a number of new projects including the fixed network services. In 2000, he was engaged by Across Asia Multimedia (a company

listed on The Stock Exchange of Hong Kong Limited) as the Director of Marketing & Customer Services as part of a team of Malaysians to establish Lippotel's Cellular service in Indonesia.

In 2002, he joined Time dotCom Berhad as a Director of its mobile operations, namely TimeCel. Upon the disposal of TimeCel, he was later made the Chief Operating Officer of Time dotCom Berhad and its subsidiary, namely Time dotNet Berhad where he served until 2005. With over twenty (20) years in the industry, he has vast experience particularly in the development and marketing of cellular, public switched telephone network, broadband, value-added, satellite, computer-telephony and internet related services.

Today, he is actively involved in a number of business activities through his privately owned companies as well as in freelance business consultancy and training. MDEC, BioTech Corp., MardiTech, IRDA, UNIMAP, MTIB and TERAJU are some of the clients in the areas of consultancy and business coaching that he has worked on. He is also a member of the board of trustees of Yayasan Pak Rashid, University Putra Malaysia.

He does not hold directorship in any other listed issuers.

DIRECTORS' PROFILE (CONT'D)

GOH TAI WAI

Non-Independent and Non-Executive Director

Malaysian/ Aged 50/ Male

Mr. Goh Tai Wai was appointed a Non-Independent Non-Executive Director on 8 November 2005. He was re-designated as Executive Director on 21 April 2006 and assumed his present position as a Non-Independent and Non-Executive Director on 18 August 2008. He is also a member of Nomination Committee, Audit Committee and Risk Management Committee of the Company.

He holds a Bachelor of Commerce in Accounting and Information Systems from Curtin University of Technology, Perth, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia as well as a Certified Financial Planner.

He has more than thirty (30) years' experience ranging from general management, corporate advisory services and risk management to financial management and information technology.

He does not hold directorship in any other public companies and listed issuers.

SEE THOO CHAN

Executive Director

Malaysian/ Aged 61/ Female

Mdm. See Thoo Chan was appointed a Non-Independent Non-Executive Director of the Company on 21 March 2007. She was re-designated as Executive Director on 3 January 2014.

She obtained her Higher School Certificate in 1980. She is a successful businesswoman having numerous years of experience in trading of telecommunication products. She is also a director of Southall Sdn Bhd and Beausoft Sdn Bhd, which are principally involved in the trading of cellular phones and accessories, mobile phone prepaid cards, telecommunication products and skin care products.

She is also Non-Independent Non-Executive Chairman in Nakamichi Corporation Berhad (in the process of winding-up).

She does not hold directorship in any other listed issuers.

DIRECTORS' PROFILE (CONT'D)

LOW GEOK ENG

Independent Non-Executive Director

Malaysian/ Aged 68/ Female

Mdm. Low Geok Eng was appointed an Independent Non-Executive Director of the Company on 1 April 2023. She is also the Chairman of Audit Committee and Remuneration Committee and member of Nomination Committee and Risk Management Committee of the Company.

After she has completed her Secretarial Course in Stamford College, she started her career in the advertising industry in Malaysia in 1976 as personal assistant to the Managing Director in one of the largest national agencies in the country and left in 1984.

In 1996, she established a National Advertising Agency, a member of the 4As Malaysia, providing fully accredited services in the advertising and communication industries. She is acting as the Executive Director until her retirement in 2011.

She does not hold directorship in any other public companies and listed issuers.

TAN SIEW LI

Independent Non-Executive Director

Malaysian/ Aged 53/ Female

Mdm. Tan Siew Li was appointed an Independent Non-Executive Director of the Company on 1 April 2023. She is the Chairman of Nomination Committee and Risk Management Committee and member of Audit Committee and Remuneration Committee of the Company.

She holds a Bachelor of Science in Pharmacy (Hons) from The University Kansas, United States of America and is a registered pharmacist of the Malaysia Board of Pharmacy.

She started her career as a pharmacist of a pharmacy outlet in 1995. Thereafter, she established her own pharmacy business operated under Doses Pharmacy Sdn. Bhd. where she is one of the partners and directors until August 2022.

In October 2022, she joined Alpro Alliance (Sabah) Sdn Bhd as local partner and director and responsible for overseeing the pharmacy business operations in Sabah.

She does not hold directorship in any other public companies and listed issuers.

Notes:

1. Family Relationship with any Director and/or Major Shareholder

Mdm. See Thoo Chan is the spouse of Mr. Goh Kheng Peow, who is the Chief Executive Officer and major shareholder of the Company.

Save as disclosed herein, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.

2. Conflict of Interest

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

3. Conviction for Offences

Other than traffic offences, if any, the Directors have not been convicted of any offences within the past five (5) years and have not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

4. Attendance of Board Meetings

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 28 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

GOH KHENG PEOW

Chief Executive Officer

Malaysian/ Aged 63/ Male

Date of appointment to present position

16 June 2017

Working experience

Mr. Goh Kheng Peow ("Mr. Goh") has over forty (40) years of experience in sales and marketing specialising in fast moving consumer products, office equipment, consumer electronics, medical equipment and telecommunication products.

Since 1999, he decided to venture into the field of entrepreneurship and established Compugates Group. He is responsible for the strategic planning aspects of the Compugates Group. He also sits on the boards of several private limited companies.

Qualification

Bachelor's Degree with Honours in Economics (Business Administration) from University of Malaya.

Details of interest in the securities of the Company as at 5 April 2023

Direct interest: 509,289,013 Ordinary Shares

Indirect interest: 339,547,840 Ordinary Shares

Any directorship in public companies and listed issuers

Mr. Goh does not hold directorship in any other public companies and listed issuers.

Any family relationship with any director and/or major shareholder of the Company

Mr. Goh is the spouse of Mdm. See Thoo Chan, who is the Executive Director and major shareholder of the Company.

Any conflict of interest with the Company

Mr. Goh does not have any conflict of interest with the Company.

Conviction for Offences

Other than traffic offences, if any, Mr. Goh has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

SEE THOO CHAN

Executive Director

Malaysian/ Aged 61/ Female

The details of Mdm. See Thoo Chan are disclosed in the Directors' Profile of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

KEANE GOH YAN HAN

Group General Manager –
Compugates Group of Companies

Malaysian/ Aged 35/ Male

Date of appointment to present position

1 December 2017

Working experience

Mr. Keane Goh Yan Han (“Mr. Keane Goh”) joined Compugates Marketing Sdn Bhd as a Consultant in 2012 and oversees the plantation and land development projects. Prior to that, he was attached to Southall Sdn Bhd, a company dealing in information technology and consumer technology products as a Sales Manager.

Qualification

Bachelor’s Degree in Commerce with Double Majors in Marketing and Finance from Curtin University of Technology.

Any directorship in public companies and listed issuers

Mr. Keane Goh does not hold directorship in any other public companies and listed issuers.

Any family relationship with any director and/or major shareholder of the Company

Mr. Keane Goh is the son of Mdm. See Thoo Chan and Mr. Goh Kheng Peow, the Executive Director and Chief Executive Officer respectively and major shareholders of the Company.

Any conflict of interest with the Company

Mr. Keane Goh does not have any conflict of interest with the Company.

Conviction for Offences

Other than traffic offences, if any, Mr. Keane Goh has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

YAU POW JACK

Head of Finance

Malaysian/ Aged 34/ Male

Date of appointment to current position

1 June 2016

Working experience

Prior to joining Compugates, Mr. Yau Pow Jack (“Mr. Yau”) was a finance analyst for one of the world’s largest pharmaceutical firms and subsequently moved on to work for Deloitte Malaysia for several years gaining experience in audit and transaction advisory services.

Qualification

Certified Public Accountant (Australia), Malaysia Institute of Accountants (MIA), Master’s Degree in Accounting & Finance (Help University) and Bachelor’s Degree (Hons) in Accounting & Finance (University of East London).

Any directorship in public companies and listed issuers

Mr. Yau does not hold directorship in any other public companies and listed issuers.

Any family relationship with any director and/or major shareholder of the Company

Mr. Yau does not have any family relationship with any directors and/or major shareholders of the Company.

Any conflict of interest with the Company

Mr. Yau does not have any conflict of interest with the Company.

Conviction for Offences

Other than traffic offences, if any, Mr. Yau has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Compugates Holdings Berhad (“Compugates” or “the Company”) presents this Corporate Governance (“CG”) Overview Statement (“CG Statement”) to provide shareholders and investors with an overview of the CG practices of the Company under the leadership of the Board during the financial year ended 31 December 2022 (“FYE 2022”). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”).

This CG Statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and it is to be read together with the CG Report 2022 of the Company (“CG Report”) which is available on the Company’s website at www.compugates.com

The CG Report provides the details on how the Company has applied the principles laid down in the MCCG during FYE 2022.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

The Board is responsible for the long-term success of the Company and its subsidiaries (collectively referred to as the “Group”) and the delivery of sustainable value to its shareholders and stakeholders, including setting its strategic directions, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the overall corporate governance of the Group and all Board members are expected to show good stewardship and act in a professional manner as well as to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The roles of the Chairman of the Board, the Executive Director, Independent Non-Executive Directors and Non-Independent Non-Executive Directors are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority.

The Senior Management is primarily responsible to implement strategic directions set by the Board and to monitor the operations of the Group.

The Board’s roles and responsibilities are as follows:

- a. promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;
- b. reviewing and approving the overall strategies, policies and directions including sustainability of the Group’s businesses;
- c. overseeing and evaluating the conduct of the Group’s businesses to ensure the businesses are properly managed and conform with ethical values, integrity, fairness, trust and high performance;
- d. identifying the business risks and establish an appropriate system to reduce and minimise the risks that may affect the performance of the Group and the interest of the stakeholders;
- e. ensuring the appropriate succession plan is in place including the appointment, training and fixing compensation of the Board, Executive Director and the Management of the Group;
- f. developing and implementing an investor relations programme that creates better communication between the Group and shareholders as well as other stakeholders; and
- g. reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board also assumes various functions and responsibilities that are required by regulatory authorities as specified in the guidelines and directives issued from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.0 Composition of the Board

The Board has four (4) members during FYE 2022:

- a) One (1) Independent Non-Executive Chairman;
- b) One (1) Executive Director;
- c) One (1) Non-Independent Non-Executive Director; and
- d) One (1) Independent Non-Executive Director.

This composition ensures that at least half (1/2) of the Board comprises of Independent Non-Executive Directors which is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities and Practice 5.2 of MCCG.

The Board is of the view that the current size of the Board is appropriate and the Board composition has the right mix of skills, experiences and strengths relevant to the Group's businesses to enable them to carry out their responsibilities in an effective and competent manner.

The Board delegates specific responsibilities to the following four (4) Board Committees in discharging its fiduciary duties:

- a. The Nomination Committee ("NC");
- b. The Audit Committee ("AC");
- c. The Remuneration Committee ("RC"); and
- d. The Risk Management Committee ("RMC").

The Board Committees are guided and operate within clearly defined Terms of Reference ("TOR"). All these Committees are mainly led by Independent Non-Executive Directors of the Board.

The written TOR of NC, AC, RC and RMC are made available on the Group's website at www.compugates.com.

2.1 Board Charter

The Board is guided by its Board Charter which provides reference in relation to the roles and responsibilities of the Board and Management. The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is available on the Company's website at <http://www.compugates.com>.

2.2 Code of Ethics for Directors

The Group has in place a Code of Ethics for Directors and employees based on four (4) elements which are sincerity, integrity, corporate and fiduciary responsibilities. In discharging their duties, the Board has at all times observe the codes as defined in the Code of Ethics.

The Code of Ethics is available on the Company's website at <http://www.compugates.com>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.3 Whistleblowing Policy

The Board is committed to promote and maintain high standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires the Group to conduct its affairs in an ethical, responsible and transparent manner.

Compugates provides avenue for all employees and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and whistleblower is protected from reprisal. To this end, the Board has established a Whistleblowing Policy, available for viewing on the Company's website at <http://www.compugates.com>.

2.4 Succession Plan

The Board, through the NC, ensures that there is an effective and orderly succession plan within the Group. The NC is responsible for formulating the nomination, selection and succession policies for the members of the Board, members of the Board Committees and the Group's key management personnel from time to time. In this regard, the NC will review and assess the profile, professional achievements, personality, experience, competency, skills and knowledge of each candidate for key management position to ensure the right candidate is appointed for the relevant position. The Company has a succession plan in place if the Company is facing with an untimely vacancy to facilitate the transition to both interim and longer term leadership.

The Succession Plan is available on the Company's website at <http://www.compugates.com>.

2.5 Anti-Bribery and Corruption Policy

The Group has adopted an Anti-Bribery & Corruption Policy to prevent the occurrence of bribery and corruption practices in relation to the businesses of the Group. The Group strictly prohibits all forms of bribery and corruption and will take all necessary steps to ensure that it complies with and conducts its businesses with transparency.

The Anti-Bribery and Corruption Policy is available on the Company's website at <http://www.compugates.com>.

2.6 Directors' Fit and Proper Policy

The Group has adopted the Directors' Fit and Proper Policy in line with the MMLR to ensure a formal, rigorous and transparent process for the appointment and re-election of Directors of the Group.

The Policy shall serve to guide the NC and the Board in their review and assessment of candidates for appointment as Directors as well as Directors who are seeking for re-election.

The Directors' Fit and Proper Policy is available on the Company's website at <http://www.compugates.com>.

2.7 Strategies Promoting Sustainability

The Board recognises the importance of sustainability and its increasing impact to the Group's businesses. The Board reviews the sustainability of the Company's strategic directions, with due consideration over the progress of the long-term and short-term plans, changes in business and political environment, levels of competition, updates in risk factors and any other factors which could affect the sustainability of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.8 Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group's businesses and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's development and business strategies to ensure effective functioning of the Board.

Notice of meetings setting out the agendas and the relevant meeting papers are given to the Directors prior to the meetings to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be tabled at the meetings.

In furtherance of their duties, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expense to provide additional insights and professional views, advice and explanations. The Directors also have direct access to the advice and the services of qualified and competent Company Secretaries of the Group.

2.9 Company Secretaries

The Company Secretaries are responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group as well as the principles of best corporate governance practices.

The Company Secretaries are also advising the Board of their obligations and adherence to matters including disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company or its subsidiaries, requirements on dealing in securities and restrictions in relation to price-sensitive information.

During FYE 2022, the Company Secretaries have:

- attended all Board, Board Committees and general meetings and ensured that the proceedings of the meetings and decisions made thereof are accurately and sufficiently recorded and properly kept;
- advised the Board and Board Committees on the corporate disclosures and compliance with the Companies Act 2016, MMLR and Capital Markets and Services Act 2007;
- advised the Board on the amendments to MMLR and new circulars/directives/guidelines issued by Bursa Securities, Securities Commission Malaysia and Companies Commission of Malaysia respectively;
- ensured all statutory submissions to the relevant authorities were completed within the prescribed timeline; and
- monitored corporate governance developments and practices.

2.10 Nomination Committee

The NC comprises exclusively of three (3) Non-Executive Directors, a majority of whom are Independent Directors.

The main responsibilities of the NC are as follows:

- Nominate new nominees for appointment to the Board and Board Committees for the Board's consideration.
- Annually review the structure, size, balance and composition of the Board and Board Committees including the required mix of skills, experience, core competency and other qualities, which the Directors should bring to the Board and Board Committees.
- Annually review and assess the effectiveness of the Board and Board Committees and performance of the Directors of the Company, both individually and collectively.
- Annually review and assess the independence of the Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.10 Nomination Committee (Cont'd)

- Annually review the term of office and performance of the AC and each of its members to determine whether such AC and its members have carried out their duties in accordance with their terms of reference.
- Recommend suitable orientation/induction, educational and training programmes to the existing and new Directors.
- Make recommendation on the re-election of Directors to the Board for consideration and approval.
- Review and oversee the development of succession planning for the Board and Senior Management;

During FYE 2022, the NC met twice and the activities undertaken by the NC are listed below:

- Assessed and evaluated the independence of the Independent Non-Executive Directors.
- Conducted an annual assessment and rating of the performance of each Director against diverse key performance indicators.
- Conducted an annual assessment and rating of the performance of the Executive and Non-Executive Directors against the criteria as set out in the evaluation forms.
- Conducted an annual assessment and rating of the performance of the Board and Board Committees against the criteria as set out in the evaluation form.
- Reviewed the structure, size, balance and composition of the Board.
- Reviewed and recommended to the Board the re-election of Madam See Thoo Chan as Director at the Seventeenth Annual General Meeting ("17th AGM") held on 30 May 2022.
- Reviewed, assessed and recommended to the Board the retention of Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Non-Executive Directors at the 17th AGM held on 30 May 2022.
- The NC through the Company Secretaries informing the Directors on the seminars/workshops/conference/webinars with the relevant website links or brochures to facilitate their participation.

For the purpose of determining the eligibility of the retiring Director to stand for re-election at the 17th AGM, the Board through its NC had assessed the retiring Director, and considered the following:

- (i) The Director's performance and contribution;
- (ii) The Director's skills, experience and strength in qualities; and
- (iii) The Director's ability to act in the best interest of the Company in decision-making.

The meeting attendance records of the NC members during FYE 2022 are as follows:

Name of NC Members	Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	2/2
Mohamed Fauzi Bin Omar	2/2
Goh Tai Wai	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.11 Recruitment Process and Annual Assessment

The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity.

The NC periodically reviews and makes recommendations to the Board on the Board composition inclusive of identifying and selecting high calibre candidates who will be able to meet the present and future needs of the Group.

During FYE 2022, the NC is headed by Tan Sri Datuk Asmat Bin Kamaludin, Independent Non-Executive Chairman and its members are Encik Mohamed Fauzi Bin Omar, Independent Non-Executive Director and Mr Goh Tai Wai, Non-Independent Non-Executive Director.

For the year under review, the Board is satisfied with its current mix of qualifications, skills, experiences, expertise and strengths in discharging its duties effectively.

The NC is also responsible in undertaking an annual evaluation of Directors, Board Committees as well as the Board performances as a whole. This evaluation is used as a tool to evaluate the strength, identify the gaps or areas for improvement which necessitate the retention of the existing Board members and recruitment of new Board members.

The Board's annual evaluation process is conducted through cross evaluation among the Board members whereby the criteria of evaluation are predetermined, amongst others, as follows:

- a) Attendance at Board and Board Committees meetings;
- b) Contribution to the Company;
- c) Personal input to the role and other contributions to the Board and Board Committees;
- d) Understanding of fiduciary duties and business including risks, access to information, access to advice, compliance with applicable laws, rules and regulations, corporate governance and others;
- e) Mix of skills and knowledge; and
- f) Commitment of members.

Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NC meeting and thereafter, the NC Chairman will report the assessment results to the Board for deliberation. The Board will make final decision as to whether a Director is recommended for re-election as Director or retention as Independent Non-Executive Director at the next annual general meeting ("AGM").

A Director's fit and proper assessment is conducted by the NC to assess the Director's probity, personal integrity, financial integrity, reputation, commitment, experience and competence before it recommended the re-election of a Director to the Board for approval.

The Board has not set a gender diversity target but it is moving towards improving gender equality. The Board is committed on getting the participation of more women and those of different ethnicity on its Board and within Senior Management and the person selected must be able to contribute positively to the development of the Group. The Board's effort in improving gender equality is proven via the appointment of two (2) new women Independent Non-Executive Directors, Madam Tan Siew Li and Madam Low Geok Eng on 1 April 2023, which increase the women Directors from 25% to 50%.

With the current composition, the Board members have the necessary knowledge, experience, diverse range of skills and competencies to enable them to discharge their duties and responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.12 Separation of positions of Chairman and Chief Executive Officer

To ensure the balance of authority, increased accountability and a greater capacity for independent decision making, the roles of the Chairman and the Chief Executive Officer are distinct and separate with a clear division of responsibilities between them.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He is not involved in the day-to-day operations of the Group.

The CEO leads the Management of the Company and has overall responsibility for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions.

3.0 Remuneration

The Company has adopted a remuneration framework in attracting, retaining and motivating the Directors and Senior Management of the Company for the successful performance of the Group. The remuneration of the Executive Director and Senior Management consists of basic salary, other emoluments and benefits customary to the Group. Any salary and bonus review takes into account the performance of the individual and the financial performance of the Group.

The Non-Executive Directors' remuneration comprises annual fees based on their roles and responsibilities in the Board and Board Committees, their attendance at meetings and/or special skills and expertise they bring to the Board.

The RC met thrice during FYE 2022 and the attendance records of the RC Members are as follows:

Name of RC Members	Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	3/3
Mohamed Fauzi Bin Omar	3/3
See Thoo Chan	3/3

The details of the remuneration of Directors of the Company for FYE 2022 are shown below:

Name	Directors' remuneration received from:										
	COMPANY					SUBSIDIARIES					GROUP
	Fees	Salary	Bonus	Others	Total	Fees	Salary	Bonus	Others	Total	
	RM'000					RM'000					RM'000
<u>Executive Director:</u>											
Madam See Thoo Chan	-	-	-	-	-	-	282	56	47	385	385
Total Executive Director's Remuneration	-	-	-	-	-	-	282	56	47	385	385
<u>Non-Executive Directors:</u>											
Tan Sri Datuk Asmat Bin Kamaludin	180	-	-	-	180	-	-	-	-	-	180
Mr Goh Tai Wai	48	-	-	-	48	-	-	-	-	-	48
Encik Mohamed Fauzi Bin Omar	48	-	-	-	48	-	-	-	-	-	48
Total Non-Executive Directors' Remuneration	276	-	-	-	276	-	-	-	-	-	276
Total Directors' Remuneration	276	-	-	-	276	-	282	56	47	385	661

Due to confidentiality, sensitivity and security concerns, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 is adequate. The details of the remuneration are disclosed in Practice 8.2 of the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3.1 Assessment of Independence Annually

The Board strives on the independency of the Non-Executive Directors who shall have the ability to exercise their duties and make decisions in the best interest of the shareholders, unfettered by any business or other relationships with the Executive Director, ownership and any other interest in the operations of the Company. The Board conducts annual reviews of the independence of each and every Director, their responsibilities in making immediate declarations over their interests and independency to the Board at any time during their tenure of service.

During FYE 2022, the Company has two (2) Independent Non-Executive Directors, who fulfill the criteria of "Independence" as prescribed under Paragraph 1.01 of MMLR of Bursa Securities.

3.2. Tenure of Independent Directors

Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar have served the Board for a cumulative of seventeen (17) years as Independent Non-Executive Directors.

The NC takes cognisance of Practice 5.3 of MCCG that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.

During FYE 2022, the Board through its NC had assessed the independence of all its Independent Non-Executive Directors and is satisfied that they have fulfilled the criteria under the definition of independent director as stated in the MMLR of Bursa Securities and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board had recommended the retention of both Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Non-Executive Directors which were approved by the shareholders via two-tier voting process at the Company's 17th AGM held on 30 May 2022.

The NC's and Board's justifications to retain Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar are premised on the following:

- They continue to fulfil the criteria and definition of an independent director as set out under Paragraph 1.01 of Bursa Securities' MMLR;
- During their tenure in office, they have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties;
- During their tenure in office, they have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director, major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR;
- During their tenure in office, they have not been offered or granted any options by the Company. Other than directors' fees paid which have been the norm and been duly disclosed in the annual report, no other incentives or benefits of whatsoever nature have been paid to them by the Company;
- During their tenure in office, they have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making process; and
- During their tenure in office, they have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3.2. Tenure of Independent Directors (Cont'd)

Nevertheless, the Board acknowledged the proposed amendment to MMLR in relation to the definition of independent directors where all long serving independent directors of more than twelve (12) years must resign or redesignate as non-independent directors on or after 1 June 2023. After due deliberation, the NC and the Board of the Company have taken initiative to redesignate Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Non-Independent Non-Executive Directors on 1 April 2023.

3.3 Commitment of the Board Members

During FYE 2022, the Board met three (5) times to deliberate and consider matters pertaining to, amongst others, the Group's financial performance, corporate development, business development, corporate governance, statutory compliance, strategic issues and business plan. The attendance records of the Directors at the Board of Directors' Meeting are as follows:

Name of Directors	No. of Meetings Attended	% of Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	5/5	100
Goh Tai Wai	5/5	100
Mohamed Fauzi Bin Omar	5/5	100
See Thoo Chan	5/5	100

The Board also deliberated and voted on the written resolutions circulated to the Board together with detailed explanation. Ample time was given to all Directors in order for them to make informed and constructive decisions.

The Board is satisfied that all Directors have been devoting sufficient time to discharge their responsibilities adequately.

3.4 Training

The Directors acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to equip themselves with the necessary skills and knowledge to effectively discharge their duties.

During FYE 2022, all the Directors were periodically updated on new regulations and statutory requirements, particularly on the changes or amendments made to the MMLR, application and adoption of best practices as recommended under the MCGG, circulars/directives/guidelines/consultation papers issued by Bursa Securities, Securities Commission Malaysia and Companies Commission of Malaysia respectively. The Directors have attended the following training programs through seminars / workshops / conference / webinars as part of their continuing education to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties:

- A Guide on Law of Meeting;
- Latest Challenges facing Strata Management in Malaysia;
- Housing Development Seminar 2022;
- Realiti vs Fantasi;
- Creating competitive advance through sustainability;
- Get Efficient in 15 minutes;
- Seminar Percukaian Kebangsaan 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Audit Committee

The Board has established the AC to provide independent oversight on both internal and external audit functions, financial reporting, risk management and internal control systems of the Company including reviewing the integrity of the financial reporting and overseeing the suitability, objectivity and independence of External Auditors.

During FYE 2022, the AC of the Company comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC is chaired by Tan Sri Datuk Asmat Bin Kamaludin, Independent Non-Executive Chairman of the Company.

The details of the key activities carried out by the AC during FYE 2022 are set out in the AC Report of this Annual Report.

2.0 Risk Management Committee

The RMC comprises three (3) members, all of whom are Non-Executive Directors, with a majority of them being independent. The purpose of the RMC is to assist the Board in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks, in line with the MCGG and Bursa Securities MMLR.

3.0 Risk Management and Internal Control Framework

The Board is committed to ensuring that the Group has a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Group has an ongoing framework for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and are guided by operational manuals, policies and procedures and are regularly reviewed by the Board.

The risk management framework and internal audit functions are disclosed under the Statement on Risk Management and Internal Control on pages 34 to 36 of this Annual Report.

4.0 Compliance with Applicable Financial Reporting Standards

The Board is accountable to ensure that the financial statements are prepared in accordance with the Companies Act 2016 and the applicable approved accounting standards in Malaysia so as to present a balanced and fair assessment of the Group's financial position and prospects. Quarterly financial results and annual financial statements are reviewed and deliberated upon by the AC to ensure the quality of financial reporting before presenting to the Board for its approval. The AC also reviews the appropriateness of the Company's accounting policies and the changes to these policies.

5.0 Assessment of Suitability, Objectivity and Independence of External Auditors

The AC undertakes an annual assessment of the suitability, objectivity and independence of the External Auditors. Upon assessment of their performance, the AC will recommend their decision on whether to retain their services to the Board after which shareholders' approval will be sought at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.0 Communication with Stakeholders

The Board values the importance of dissemination of information on major developments of the Group to its shareholders, potential investors and the general public in a timely and equitable manner.

Quarterly results, announcements, annual reports, audited financial statements, corporate updates and circulars serve as the primary means of dissemination of information so that shareholders are constantly kept abreast of the Group's progress and development.

The Group also encourages all shareholders and investors to access the Company's information and announcements online, which are made available at the Bursa Securities' website as well as on its corporate website at www.compugates.com. There are continuous efforts to ensure that the information on the website remains current, updated and relevant to investors.

2.0 Conduct of General Meetings

The general meetings are the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and therefore, encourages shareholders to attend and participate in the general meetings to raise questions pertaining to the corporate developments in the Group, the resolutions being proposed and the business of the Group at the general meetings.

During FYE 2022, the Company had convened and held one (1) AGM and two (2) extraordinary general meetings ("EGM") with sufficient notices served to the shareholders of the Company in accordance with the provisions of the Companies Act 2016 and/or best practices of MCCG as summarised below:

Date of Meeting	Type of Meeting	Notice Date	Notice Period
4 February 2022	EGM	20 January 2022	14 clear days
30 May 2022	17th AGM	29 April 2022	30 clear days
23 December 2022	EGM	8 December 2022	15 clear days

The above general meetings of the Company were held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform. All resolutions set out in the notices of the above general meetings were put to vote by poll via electronic voting and an independent scrutineer was appointed to validate the poll results. All Directors, Chairman of Board Committees, Senior Management, Principal Advisers and/or External Auditors had attended the general meetings to respond to the shareholders' and proxies' questions and requests.

This CG Statement was approved by the Board on 20 April 2023.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 December 2022 (“FYE 2022”).

1. COMPOSITION OF AUDIT COMMITTEE AND MEETINGS

The AC met three (5) times during FYE 2022.

The composition of the AC and details of the attendance of the members at the meetings during FYE 2022 are set out as follows:

Name	Attendance
Chairman	5/5
Tan Sri Datuk Asmat Bin Kamaludin (Independent Non-Executive Chairman)*	
Members	5/5
Mohamed Fauzi Bin Omar (Independent Non-Executive Director)*	
Goh Tai Wai (Non-Independent Non-Executive Director)	5/5

Notes:

* Subsequent to FYE 2022, Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar redesignated as Non-Independent Non-Executive Directors with effect from 1 April 2023. Accordingly, they have resigned from AC on 1 April 2023 and replaced by the new Independent Non-Executive Directors, Madam Low Geok Eng as AC Chairman and Madam Tan Siew Li as AC member on the same date.

The External Auditors attended three (3) AC meetings in 2022 to present their reports and findings in relation to the audited financial statements for the financial year ended 31 December 2021 and FYE 2022 respectively.

The AC also deliberated and voted on the written resolutions circulated to the AC together with detailed explanation. Ample time was given to all AC members in order for them to make informed and constructive decisions.

The AC Meetings are pre-scheduled and are timed just before the Board of Directors’ Meetings. The agenda carries matters that need to be deliberated, reviewed or decided on and further reported to the Board. Notices and meeting papers are circulated to all members in due course before each meeting with sufficient preparation time given for deliberation on matters arising.

The Company Secretaries are the secretaries of the AC and are responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the AC members prior to each meeting. The Company Secretaries are also responsible for keeping the minutes of meetings and circulating them to the AC members for comment and confirmation. The signed minutes of meeting are also circulated to the Board for notation.

AUDIT COMMITTEE REPORT (CONT'D)

2. SUMMARY OF ACTIVITIES

The AC carried out the following activities during FYE 2022:

2.1 Financial Reporting

- (a) Reviewed the unaudited quarterly results of the Company and its subsidiaries (collectively referred as "Group") before recommending the same to the Board for approval.
- (b) Reviewed the annual audited financial statements of the Group for FYE 2022 with the External Auditors prior to submission to the Board for approval.

The AC reviewed and scrutinised the information of the Group's quarterly results and annual audited financial statements to ensure accuracy, adequacy, validity, timeliness and compliance with applicable financial reporting standards for disclosure to shareholders.

2.2 External Audit

- (a) Reviewed the audit planning memorandum of the Group for FYE 2022 with the External Auditors.
- (b) Reviewed the results of the annual audit and audit report, including all the key audit matters raised by the External Auditors.
- (c) Met once with the External Auditors without the presence of the Executive Director, Chief Executive Officer and Management to discuss any issues of concern with the External Auditors arising from the annual statutory audit.
- (d) Assessed the suitability, objectivity, independence and performance of the External Auditors and made recommendation to the Board on their re-appointment and remuneration, subject to the approval of the Company's shareholders at an annual general meeting.

2.3 Internal Audit

- (a) Reviewed with the outsourced Internal Auditors, the internal audit report, the audit recommendations made and the Management's response and actions to these recommendations.
- (b) Reviewed with the Internal Auditors, the internal audit plan to ensure the adequacy of the scope, functions and resources to carry out their work.
- (c) Assessed the suitability, objectivity, independence and performance of the outsourced Internal Auditors.

2.4 Related Party Transactions

Reviewed the related party transactions entered into by the Group, if any.

2.5 Annual Reporting

- (a) Reviewed the Corporate Governance Overview Statement, AC Report, Additional Compliance Information, Statement on Risk Management and Internal Control and subsequently recommended the same to the Board for its consideration and approval for inclusion in the Annual Report for the financial year ended 31 December 2021.
- (b) Reviewed the Corporate Governance Report for the financial year ended 31 December 2021 and recommended the same to the Board for approval.

AUDIT COMMITTEE REPORT (CONT'D)

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional services firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal control are adequate and effective. The outsourced Internal Auditors report directly to the AC.

The activities of the internal audit function for FYE 2022 include:

- (a) Conducting internal audit reviews on Plantation Operational in accordance with the internal audit plan approved by the AC;
- (b) Reporting the results of internal audits and making recommendations for improvements to the AC on a periodic basis; and
- (c) Following-up on the implementation of audit recommendations and agreed upon Management action plans.

All internal audit reports are deliberated by the AC and reporting are made to the Board at the Board of Directors' Meetings. No significant irregularity or deficiency in internal control mechanism was brought to the attention of the AC by the outsourced Internal Auditors during FYE 2022.

The AC had evaluated the performance of the Internal Auditors for FYE 2022 based on such evaluation criteria as set out in its annual assessment form. The AC was satisfied that the Internal Auditors have sufficient experience and resources to adequately deliver the quality services to the Group.

The cost incurred for the outsourced internal audit function of the Group for FYE 2022 amounted to RM6,500.00.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on page 36 of the Annual Report 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

The Board of Directors (“Board”) of Compugates Holdings Berhad (“Compugates” or “the Company”) is pleased to present its Statement on Risk Management and Internal Control (“Statement”) which outlines the state of the system of risk management and internal control of the Company and its subsidiaries (collectively referred to as “Group”) for the financial year ended 31 December 2022. This Statement is made in accordance with paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Bursa Securities’ Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD’S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its responsibility in maintaining a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets.

The Board has received assurance from the Chief Executive Officer (“CEO”) and Head of Finance that the Group’s limited risk management and the internal control system are operating adequately and effectively, in all material aspects. However, as there are inherent limitations in any risk management and internal control system, such systems put into effect by Management is only to reduce but not eliminate all risks that may impede the achievement of the Group’s business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group’s risk management and internal control system that have been established to facilitate the proper conduct of the Group’s businesses are described below:

1. RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process for identifying, minimizing and managing the significant risks faced by the Group and this process is regularly reviewed by the Board. The Management is responsible for initiating risk awareness and in developing necessary environment for effective risk management.

The Board relies mostly on the close involvement of the Key Management staff, Head of Division and CEO of the Group on their daily operations. There are periodic reviews of operational and financial performance at Management, Audit Committee (“AC”) and Board meetings. The Board and Management ensure that appropriate measures are taken to address any significant risks, if any. It has in place an organisational structure and a defined line of their scope of duties and responsibilities.

2. INTERNAL CONTROL SYSTEM

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group’s various business units.

- Periodical and/or Annual Budget

An annual budget is prepared by the Management and tabled to the Board for approval. Periodic monitoring is being carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. INTERNAL CONTROL SYSTEM (CONT'D)

- Group Policies and Procedures

Policies and procedures will be documented for regular review and update so as to ensure that they are effective and will continue to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

Comprehensive guidelines on employment of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board's and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the Management team for monitoring and review. The quarterly financial statements are presented to the AC and Board for their review, consideration and approval.

- Safety and Health Management

The Group has ensured a safe and healthy workplace for all employees while ensuring the business continuity. Some of the measures undertaken by the Group include:

- Ensure that employees have access to ergonomic workstations to reduce the risk of musculoskeletal disorders and other injuries.
- Encourage employees to take regular breaks from their workstations to reduce eye strain and prevent fatigue.
- Provide briefing on safety and health procedures and guidelines to raise awareness among employees and help them develop safe work habits.
- Implement security measures such as surveillance camera and access controls, to ensure safety of employees and protect the Company's property.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the AC and Board in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit firm prepares internal audit plans for presentation to the AC for approval wherein the scope of works encompasses management and operational audit of functions in the Group.

During the financial year ended 31 December 2022, one (1) internal audit was conducted on Plantation/Operations Management Review and the findings of the internal audit, including the recommended corrective actions, were presented directly to the AC and adopted by the Management.

In addition, follow-up review was conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2022. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices once established must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This Statement was approved by the Board of Directors on 20 April 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards and the requirements of the Act, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors ensured that the Management has:

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

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

The Directors have an overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements.

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

RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year	7,757	7,034
Loss attributable to:-		
Owners of the Company	7,579	
Non-controlling interests	178	
	7,757	

DIVIDENDS

No dividend was proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (CONT'D)

CURRENT ASSETS

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

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the financial performance of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 763,940,372 ordinary shares at an issue price of RM0.009 each for a total consideration of RM6,875,463 pursuant to the private placement.

The new shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued by the Company during the financial year.

DIRECTORS

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

Tan Sri Datuk Asmat Bin Kamaludin
See Thoo Chan
Mohamed Fauzi Bin Omar
Goh Tai Wai
Low Geok Eng (appointed on 1 April 2023)
Tan Siew Li (appointed on 1 April 2023)

The name of the Directors of the subsidiaries in office during the financial year and up to the date of this report are as follows:-

Datin Sabariah Binti Dahlan
Goh Kheng Peow
See Thoo Chan

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in the shares of the Company and its related corporations during the financial year ended 31 December 2022 are as follows:-

	Number of ordinary shares			At 31.12.2022
	At 1.1.2022	Bought	Sold	
Direct interests				
See Thoo Chan	400,330,940	118,000,000	(178,783,100)	339,547,840
Deemed interests				
See Thoo Chan*	509,289,013	118,000,000	(118,000,000)	509,289,013

* Deemed interests through spouse's shareholdings by virtue of Section 221(9) of the Companies Act, 2016 in Malaysia

By virtue of her interests (direct and deemed) in the Company, See Thoo Chan is also deemed interested in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

Other than as stated above, the other Directors in office at the end of the financial year did not have any interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

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

	Incurred by the Group RM'000	Incurred by the Company RM'000
Directors' fee	276	276
Director's non-fee emoluments and benefits	385	-
	661	276

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which the Director has a substantial financial interest.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or insurance effected for the Directors and Officers of the Company during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

Significant events during the financial year and subsequent to the reporting date are disclosed in Note 28 to the Financial Statements.

DIRECTORS' REPORT
(CONT'D)

AUDITORS

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

The amount of audit and other fees paid or payable to the external auditor and its member firms by the Group and the Company for the financial year ended 31 December 2022 amounted to RM117,000 and RM49,000 respectively. Further details are disclosed in Note 21 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extend permissible under the provision of Companies Act, 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

_____)	
TAN SRI DATUK ASMAT BIN KAMALUDIN)	
)	
)	
)	DIRECTORS
)	
)	
)	
_____)	
SEE THOO CHAN)	

Kuala Lumpur

25 April 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 49 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

TAN SRI DATUK ASMAT BIN KAMALUDIN

SEE THOO CHAN

Kuala Lumpur
25 April 2023

STATUTORY DECLARATION

I, Yau Pow Jack, being the Officer primarily responsible for the financial management of Compugates Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 49 to 94 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

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

YAU POW JACK
(MIA NO: 42038)
CHARTERED ACCOUNTANT

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Compugates Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, 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 49 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and 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' Code of Ethics for Professional Accountants (including International Independence Standard ("IESBA Code")), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Emphasis of Matter

We draw attention to Note 28.1 to the Financial Statements which describes the uncertainty related to the outcome of the originating summons filed by the Company against a third party. Our opinion is not modified in respect of this matter.

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

Group

Valuation of inventories-land held for property development

Inventories-land held for property development ("land") is measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of the land based on an assessment of the Group's entitlement as the landowner from future development activities that will be carried out on the land ("landowner's entitlement") and/or valuation based on the latest valuation reports. Changes in the landowner's entitlement and the assumptions used in the valuation reports could result in a material change in the carrying values of the land and the financial performance of the Group. The Group's disclosures regarding inventories which include the land are in Note 6 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Group (Cont'd)

Our response

We have performed various procedures to ascertain that the land is stated at the lower of cost and NRV. Amongst other procedures, we have obtained an understanding and reviewed management's assessment of the landowner's entitlement. We have also assessed the status of the development of the land by interviewing various management personnel and by obtaining relevant correspondences related to the development of the land. In addition, we have also obtained valuation reports prepared by independent professional valuers and compared the value in the reports against the book value of the land by assessed the reasonableness of the key assumptions used by the valuers with reference to comparable peer.

Company

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

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company so as to 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matter that was of most significance in the audit of the financial statements of the Group and of the Company for the current year and is therefore the key audit matter. We describe this matter 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.



INDEPENDENT AUDITORS' REPORT
(CONT'D)

OTHER MATTER

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

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

LEE SHEAU WEI
(NO: 03539/12/2024 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
25 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	16,043	14,538	1	1
Inventories	6	93,629	93,629	–	–
Plantation expenditure	7	2,312	2,195	–	–
Investment in subsidiaries	8	–	–	6,606	6,606
Total non-current assets		111,984	110,362	6,607	6,607
Current assets					
Inventories	6	50,314	50,395	–	–
Trade receivables	9	263	417	–	–
Other receivables	10	9,573	9,630	16	16
Amount due from subsidiaries	11	–	–	834	777
Tax recoverable		25	25	1	1
Fixed deposit with a licensed bank	12	2,700	–	–	–
Cash and bank balances		141	457	2	7
Total current assets		63,016	60,924	853	801
Total assets		175,000	171,286	7,460	7,408
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	13	81,429	74,554	81,429	74,554
Revaluation reserve	14	32,172	30,998	–	–
Other reserve	15	(2,100)	(2,100)	–	–
Retained earnings/ (accumulated losses)		1,189	8,590	(74,452)	(67,418)
Total equity		112,690	112,042	6,977	7,136
Non-controlling interests	8	28,988	29,166	–	–
Total equity		141,678	141,208	6,977	7,136
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	16	13,722	13,345	–	–
Other payables	17	1,740	1,605	4	159
Total non-current liabilities		15,462	14,950	4	159
Current liabilities					
Trade payables	18	152	534	–	–
Other payables	17	17,708	14,594	479	113
Total current liabilities		17,860	15,128	479	113
Total liabilities		33,322	30,078	483	272
Total equity and liabilities		175,000	171,286	7,460	7,408

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
Revenue	19	5,510	8,983	–	–
Cost of sales		(5,327)	(8,471)	–	–
Gross profit		183	512	–	–
Other income		438	60	–	–
Administrative expenses		(7,942)	(6,368)	(643)	(692)
Sales and marketing expenses		(41)	(68)	–	–
Reversal of impairment loss/ (impairment loss)					
on financial assets		35	(21)	(6,391)	(13,112)
Other expenses		(514)	(294)	–	–
Finance income		64	84	31	1,222
Finance costs	20	(31)	(1,287)	(31)	(1,222)
Loss before tax	21	(7,808)	(7,382)	(7,034)	(13,804)
Tax income	22	51	51	–	–
Net loss for the financial year		(7,757)	(7,331)	(7,034)	(13,804)
Other comprehensive income: <i>Item that will not be reclassified subsequently to profit or loss</i>					
Revaluation of land and building		1,352	–	–	–
Total comprehensive loss for the financial year		(6,405)	(7,331)	(7,034)	(13,804)
Net loss attributable to:					
- Owners of the Company		(7,579)	(6,967)		
- Non-controlling interests		(178)	(364)		
		(7,757)	(7,331)		
Total comprehensive loss attributable to:					
- Owners of the Company		(6,227)	(6,967)		
- Non-controlling interests		(178)	(364)		
		(6,405)	(7,331)		
Loss per share (sen)					
Basic/diluted loss per share (sen)	23	(0.17)	(0.21)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company					Total equity RM'000	Non- controlling interests RM'000	Total RM'000
	Share capital RM'000	Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Distributable			
Group								
At 1 January 2021	56,245	31,176	(2,100)	15,379	100,700	29,530	130,230	
Transaction with owners:								
Issuance of new shares	18,309	-	-	-	18,309	-	18,309	
Total comprehensive loss for the financial year	-	-	-	(6,967)	(6,967)	(364)	(7,331)	
Crystallisation of revaluation surplus	-	(178)	-	178	-	-	-	
At 31 December 2021	74,554	30,998	(2,100)	8,590	112,042	29,166	141,208	
Transaction with owners:								
Issuance of new shares	6,875	-	-	-	6,875	-	6,875	
Net loss for the financial year	-	-	-	(7,579)	(7,579)	(178)	(7,757)	
Other comprehensive income for the financial year	-	1,352	-	-	1,352	-	1,352	
Total comprehensive loss for the financial year	-	1,352	-	(7,579)	(6,227)	(178)	(6,405)	
Crystallisation of revaluation surplus	-	(178)	-	178	-	-	-	
At 31 December 2022	81,429	32,172	(2,100)	1,189	112,690	28,988	141,678	

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(CONT'D)

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Company			
At 1 January 2021	56,245	(53,614)	2,631
Transaction with owners:			
Issuance of new shares	18,309	–	18,309
Total comprehensive loss for the financial year	–	(13,804)	(13,804)
At 31 December 2021	74,554	(67,418)	7,136
Transaction with owners:			
Issuance of new shares	6,875	–	6,875
Total comprehensive loss for the financial year	–	(7,034)	(7,034)
At 31 December 2022	81,429	(74,452)	6,977

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES					
Loss before tax		(7,808)	(7,382)	(7,034)	(13,804)
Adjustments for:					
Depreciation of property, plant and equipment		293	293	-	-
Impairment loss on amount due from subsidiaries		-	-	6,391	13,112
Inventories written down (Reversal of impairment loss)		187	-	-	-
/impairment loss on trade receivables		(35)	21	-	-
Interest expenses		31	1,287	31	1,222
Interest income		(64)	(84)	(31)	(1,222)
Operating loss before working capital changes		(7,396)	(5,865)	(643)	(692)
Changes in working capital:					
Inventories		(106)	(1,795)	-	-
Receivables		246	378	-	50
Payables		2,867	2,934	211	(4,413)
Cash used in operations		(4,389)	(4,348)	(432)	(5,055)
Interest paid		(31)	(1,287)	(31)	(1,222)
Tax paid		(1)	(2)	(1)	-
Tax refunded		1	1	1	-
Net cash used in operating activities		(4,420)	(5,636)	(463)	(6,277)
INVESTING ACTIVITIES					
(Advances to)/repayment from subsidiaries		-	-	(6,448)	629
Interest received		64	84	31	1,222
Purchase of property, plant and equipment		(18)	(1)	-	-
Plantation expenditure paid		(117)	(88)	-	-
Net cash (used in)/from investing activities		(71)	(5)	(6,417)	1,851

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
FINANCING ACTIVITY					
Proceeds from issuance of new shares		6,875	4,422	6,875	4,422
Net cash from financing activity		6,875	4,422	6,875	4,422
CASH AND CASH EQUIVALENTS					
Net changes in cash and cash equivalents		2,384	(1,219)	(5)	(4)
At beginning of financial year		457	1,676	7	11
At end of financial year	A	2,841	457	2	7

A CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Group's and the Company's statements of cash flows comprise the following:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposit with a licensed bank	2,700	-	-	-
Cash and bank balances	141	457	2	7
	2,841	457	2	7

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur. The principal place of business of the Company is located at No. 3, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2023.

2. GOING CONCERN

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as a going concern which contemplates the continuity of normal business activity and the realisation of assets and discharge their liabilities in the normal course of business.

During the financial year, the Group and the Company incurred a net loss of RM7,756,360 and RM7,033,384 respectively and the Group and the Company are having a negative operating cash flow of RM4,419,537 and RM463,652, respectively which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern will be dependent on:-

- the outcome of the legal suits adjudged in favour of the Group as disclosed in Note 28.1 to the Financial Statements;
- the utilisation of proceeds from the completion of private placement as detailed in Note 28.3 to the Financial Statements; and
- the continued successful operation of the property development activities in line with management expectation.

If these are not forthcoming, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis and accordingly the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of the liabilities that may be necessary should the Group and the Company be unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain land and buildings that are measured at fair value at the end of each reporting year as disclosed in the summary of significant accounting policies.

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency and all values are rounded to the nearest thousand (RM’000), except when otherwise stated.

3.4 Adoption of the amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 4 to all years presented in these financial statements.

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

The initial application of the amendments/improvement to standards did not have a material impact on the financial statements of the Group and of the Company.

3.5 Standards issued but not yet effective

The Group and the Company have not applied early the following MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and the Company:-

MFRSs and amendments to MFRSs effective 1 January 2023:-

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

MFRSs and amendments to MFRSs effective 1 January 2024:-

Amendments to MFRS 16*	Lease liability in a sale and Leaseback
Amendments to MFRS 101**	Presentation of Financial Statements – Non-current Liabilities with Covenants

Amendments to MFRSs - effective date deferred indefinitely:-

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

Not applicable to the Group’s operations

The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective. The initial application of the above standards and amendments are not expected to have any material financial impact to the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

3.6.1 Estimation uncertainty

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

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 2 to 91 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 December 2022, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company.

The carrying amounts of the Group's and the Company's property, plant and equipment at the reporting date are analysed in Note 5 to the Financial Statements. Actual results, however, may vary due to change in the expected levels of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

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

Provision for expected credit losses ("ECL") of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with the forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements (cont'd)

3.6.1 Estimation uncertainty (cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the time the estimates are made.

The Group's businesses are subject to economical, technological and social preference changes which may cause selling prices to change rapidly and the Group's results to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 6 to the Financial Statements.

Income taxes

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

Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair values. The carrying amounts of the land and buildings at the reporting date and the relevant revaluation bases are disclosed in Note 5 to the Financial Statements.

3.6.2 Significant management judgement

There was no significant judgement made by management in the process of applying the accounting policies of the Company which may have significant effect on the amount recognised in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies as summarised below consistently throughout all years presented in the financial statements.

4.1 Consolidation

4.1.1 Subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (cont'd)

4.1.1 Subsidiaries (cont'd)

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

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

4.1.2 Basis of consolidation

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

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

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

4.1.3 Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (cont'd)

4.1.3 Business combinations and goodwill (cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4.1.4 Loss of control

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

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

4.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

4.2 Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Freehold land is measured at fair value and impairment loss recognised after the date of the revaluation. Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Property, plant and equipment (cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss.

The Group adopts a policy to make an annual transfer of the revaluation surplus to accumulated losses as the asset is used. In such case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Any revaluation surplus remaining in equity on disposal of the asset is transferred directly to retained earnings.

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

Leasehold land	Over 81 to 91 years
Buildings	2%
Office equipment, furniture and fittings	15% to 33 1/3%
Motor vehicles	20%
Renovation	10%
Site cabin and tools	10%
Signboard	50%

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

4.3 Inventories

4.3.1 Land held for property development

The cost of land held for property development is stated at the lower of cost and net realisable value. The cost of land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Inventories (cont'd)

4.3.2 Property development costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to sub-contractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. The property development costs are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer.

4.3.3 Trading goods

Inventories comprise goods held for trading and are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

4.4 Plantation expenditure

The Group's biological asset comprises plantation expenditure. The Group recognises a biological asset in its financial statements when, and only when the Group gains control over the asset as a result of past events, it is possible that the future economic benefits associated with the asset will flow to the Group and when the fair value or cost of the asset can be measured reliably.

If the fair value less costs to sell of a biological asset could not be measured reliably, plantation expenditure recognised at its cost less any accumulated impairment losses. Inability to measure fair value reliably is presumed only on the initial recognition of a biological asset for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less costs to sell.

Plantation expenditure incurred on land clearing, upkeep of immature trees, direct administrative expenses incurred during the pre-maturity period (precropping costs) are capitalised as plantation expenditure.

Biological asset is derecognised when either it is disposed of or subsequent to the point of harvest, in which MFRS 102 Inventories or another applicable standard is applied thereafter.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments

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

4.5.1 Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

4.5.1 Financial assets (cont'd)

Subsequent measurement (cont'd)

At the reporting date, the Group and the Company carry only financial assets at amortised cost on its statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiaries, fixed deposit with a licensed bank and cash and bank balances.

Derecognition

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

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

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

4.5.1 Financial assets (cont'd)

Impairment (cont'd)

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

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

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

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

4.5.2 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost which include trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

4.5.2 Financial liabilities (cont'd)

Derecognition

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

4.5.3 Offsetting of financial instruments

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

4.6 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing their carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised as an expense in profit or loss immediately except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed 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. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposit with a licensed bank which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.9 Leases

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land - over 81 to 91 years

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as detailed in Note 4.6 to the Financial Statements.

On the statements of financial position, right-of-use assets have been included in property, plant and equipment.

4.10 Equity and reserves

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

The revaluation reserve comprises surplus arising from the revaluation of property, plant and equipment.

Retained earnings/(accumulated losses) include all current year's loss and prior years' retained earnings/(accumulated losses).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Revenue

4.11.1 Revenue from contract with customers - sale of goods

Revenue from sale of goods are recognised at a point in time when control of the goods are transferred to the customer, generally on delivery of the goods. The normal credit terms are 1 to 60 days upon delivery.

4.11.2 Finance income

Finance income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

4.12 Employees benefits

4.12.1 Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

4.12.2 Defined contribution plans

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

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

4.13 Tax expenses

4.13.1 Current tax

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

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

4.13.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate that have been enacted or substantively enacted by the reporting date in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unabsorbed business losses and unutilised capital allowances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Tax expenses (cont'd)

4.13.2 Deferred tax (cont'd)

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or that entire deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient future taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

4.14 Operating segment

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

4.15 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation				At cost				Total RM'000
	Freehold land and buildings RM'000	Long term leasehold land RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Site cabin and tools RM'000	Signboard RM'000		
Cost or valuation									
At 1 January 2021	7,000	8,500	1,584	622	830	61	60	18,657	
Additions	-	-	1	-	-	-	-	1	
Written off	-	-	(5)	-	-	-	-	(5)	
At 31 December 2021	7,000	8,500	1,580	622	830	61	60	18,653	
Additions	-	-	18	-	-	-	-	18	
Increase in revaluation	-	1,220	-	-	-	-	-	1,220	
Written off	-	-	(11)	-	-	-	-	(11)	
At 31 December 2022	7,000	9,720	1,587	622	830	61	60	19,880	
Accumulated depreciation									
At 1 January 2021	348	336	1,570	622	830	61	60	3,827	
Depreciation for the year	174	112	7	-	-	-	-	293	
Written off	-	-	(5)	-	-	-	-	(5)	
At 31 December 2021	522	448	1,572	622	830	61	60	4,115	
Depreciation for the year	174	112	7	-	-	-	-	293	
Increase in revaluation	-	(560)	-	-	-	-	-	(560)	
Written off	-	-	(11)	-	-	-	-	(11)	
At 31 December 2022	696	-	1,568	622	830	61	60	3,837	
Net carrying amount									
At 31 December 2022	6,304	9,720	19	-	-	-	-	16,043	
At 31 December 2021	6,478	8,052	8	-	-	-	-	14,538	

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Company	Motor vehicles RM'000
Cost	
At 1 January 2021/ 31 December 2021/ 31 December 2022	174
Accumulated depreciation	
At 1 January 2021/ 31 December 2021/ 31 December 2022	(173)
Net carrying amount	
At 1 January 2021/ 31 December 2021/ 31 December 2022	1

The freehold land and buildings of the Group were revalued in year 2018 and the leasehold land of the Group was revalued in year 2022 by an independent professional valuer. The valuations were based on the comparison method by reference to recent market transactions.

Had the revalued land and buildings been carried under the cost model, the net carrying amounts of land and buildings would have been included in the financial statements of the Group as at the end of the reporting year as follows:-

	Group	
	2022 RM'000	2021 RM'000
Freehold land and buildings	2,312	2,348
Leasehold land	1,226	1,244
	3,538	3,592

Fair value information

Fair value of property, plant and equipment are categorised as follows:-

	Group	
	2022 RM'000	2021 RM'000
Level 2		
Freehold land and buildings	6,304	6,478
Leasehold land	9,720	8,052
	16,024	14,530

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There was no transfer between the fair value hierarchy during the financial year.

Included in the net carrying amount of property, plant and equipment is right-of-use asset as follows:-

	2022 RM'000	Group	2021 RM'000
Leasehold land	9,720		8,052

6. INVENTORIES

	2022 RM'000	Group	2021 RM'000
Non-current:			
Land held for property development (Note 6.1)	93,629		93,629
Current:			
Property development costs (Note 6.2)	50,156		49,866
Trading goods (Note 6.3)	158		529
	50,314		50,395
	143,943		144,024

6.1 Land held for property development

	2022 RM'000	Group	2021 RM'000
Leasehold land, at cost			
- at beginning of financial year	93,629		142,049
- transfer to property development cost	-		(48,420)
At end of financial year	93,629		93,629

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INVENTORIES (CONT'D)

6.2 Property development costs

	2022	Group
	RM'000	2021
		RM'000
At beginning of financial year	49,866	–
Cost incurred during the financial year		
- transfer from land held for property development	–	48,420
- development costs	290	1,446
At end of financial year	50,156	49,866

6.3 Trading goods

	2022	Group
	RM'000	2021
		RM'000
Trading goods	359	827
Less: Provision for inventories written down		
At 1 January	(298)	(316)
Recognised	(187)	–
Reversal	1	18
Write off	283	–
At 31 December	(201)	(298)
	158	529

	2022	Group
	RM'000	2021
		RM'000
Recognised in profit or loss:		
- Inventories recognised as cost of sales	5,327	8,471

The reversal of inventories written down was made during the year when the related inventories were sold above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. PLANTATION EXPENDITURE

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	2,195	2,107
Additions	117	88
At 31 December	2,312	2,195

Included in plantation expenditure incurred during the financial year are:-

	Group	
	2022	2021
	RM'000	RM'000
Staff salaries	80	67
Defined contribution plan	10	10
Other related staff costs	14	1

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares – at cost	178,100	178,100
Less: Accumulated impairment loss	(171,494)	(171,494)
	6,606	6,606

Investment in subsidiaries that are impaired at reporting date related to those subsidiaries that are having recoverable amount lower than costs of investment.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The following information relates to the subsidiaries which principal places of business are in Malaysia:-

Name of company	Equity interest		Principal activities
	2022 %	2021 %	
Held directly:-			
Compugates Sdn. Bhd.	100	100	Trading, marketing and distribution of imaging, information technology and communication-based products
Selama Muda Jaya Sdn. Bhd.	100	100	Dormant
Compugates International Sdn. Bhd.	100	100	Dormant
Held under Compugates Sdn. Bhd.:-			
Compugates Marketing Sdn. Bhd.	100	100	Investment holding, planting and trading of gaharu tree, trading and online sales and distribution of information technology and communication-based products, general merchant and gaharu derivatives.
Held under Compugates Marketing Sdn. Bhd.:-			
Classic Distribution Sdn. Bhd.	100	100	Dormant
Compugates Development and Mining Sdn. Bhd. ("CDMSB")	70	70	Land owner and property investment holdings
Compugates Perak Sdn. Bhd.	100	100	Plantation, cultivation, inoculation, harvesting and distillation services on the Gaharu trees; and development, promotion and marketing of Gaharu trees and other derivatives and by-products
Compugates Sabah Sdn. Bhd. ("CSSB")	51	51	Dormant

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	CDMSB RM'000	CSSB RM'000	Total RM'000
Percentage of ownership interest and voting interest	30%	49%	
2022			
Carrying amount of NCI	34,347	(5,359)	28,988
Loss allocated to NCI	(174)	(4)	(178)
2021			
Carrying amount of NCI	34,521	(5,355)	29,166
Loss allocated to NCI	(359)	(5)	(364)

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

	CDMSB		CSSB	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial position as at 31 December:-				
Non-current assets	93,629	93,629	-	-
Current assets	59,560	59,271	1	1
Non-current liabilities	(12,487)	(12,198)	-	-
Current liabilities	(26,212)	(25,634)	(10,937)	(10,929)
	114,490	115,068	(10,936)	(10,928)
Summary of financial performance for the financial year ended 31 December:-				
Revenue	-	-	-	-
Net loss/total comprehensive loss for the financial year	(578)	(1,198)	(8)	(9)
Summary of cash flows for the financial year ended 31 December:-				
Net cash flows used in operating activities	(233)	(201)	(8)	(6)
Net cash flows from financing activities	233	201	8	7
Net changes in cash and cash equivalents	-	-	-	1

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. TRADE RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Trade receivables	310	1,883
Less: Accumulated impairment loss		
At 1 January	(1,466)	(1,445)
Recognised	–	(23)
Recovered	35	2
Write off	1,384	–
At 31 December	(47)	(1,466)
	263	417

The Group's normal trade credit terms range from 1 to 60 days (2021: 1 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The impairment loss on trade receivable was recovered during the financial year as a result of subsequent receipts of the amount.

10. OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	9,684	9,758	8	8
Less: Accumulated impairment loss	(245)	(245)	–	–
	9,439	9,513	8	8
Deposits	44	44	5	5
Prepayments	90	73	3	3
	9,573	9,630	16	16

Included in the other receivables of the Group of RM9,397,400 (2021: RM9,397,400) is sale proceeds receivable pertaining to the disposal of the partial land held for property development in previous financial year. The proceeds of RM9,397,400 is currently deposited with the Court as detailed in Note 28.1 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Amount due from subsidiaries	40,812	34,364
Less: Accumulated impairment loss		
At 1 January	(33,587)	(20,475)
Recognised	(6,391)	(13,112)
At 31 December	(39,978)	(33,587)
	834	777

The amount due from subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand, except for the amount of RM354,513 (2021: RM159,416) due from a subsidiary which bears interest rates range from 3.99% to 9.90% (2021: 3.99% to 9.90%) per annum.

12. FIXED DEPOSIT WITH A LICENSED BANK

The effective interest rate of fixed deposit with a licensed bank ranges from 1.85% (2021: Nil) per annum. The maturity period of the fixed deposit is less than 3 months and no pledge with any financial institution.

13. SHARE CAPITAL

	Group and Company			
	2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Issued and fully paid of ordinary shares with no par value:				
At 1 January	3,819,702	2,828,572	74,554	56,245
Issuance of ordinary shares				
- private placement	763,940	240,444	6,875	4,422
- settlement of debt	-	750,686	-	13,887
At 31 December	4,583,642	3,819,702	81,429	74,554

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. REVALUATION RESERVE

	2022	Group
	RM'000	2021
		RM'000
At 1 January	30,998	31,176
Crystallisation of revaluation reserve	(178)	(178)
Surplus on revaluation of long term leasehold land	1,780	–
Deferred tax liabilities recognised in other comprehensive income	(428)	–
At 31 December	32,172	30,998

The revaluation reserve represents the revaluation surplus of property, plant and equipment.

15. OTHER RESERVE

	2022	Group
	RM'000	2021
		RM'000
Other reserve	2,100	2,100

The other reserves arose from additional interest acquired from non-controlling interests of Compugates Development and Mining Sdn. Bhd..

16. DEFERRED TAX LIABILITIES

	2022	Group
	RM'000	2021
		RM'000
At 1 January	13,345	13,396
Recognised in profit or loss (Note 22)	(51)	(51)
Deferred tax relating to revaluation of long term leasehold land	428	–
At 31 December	13,722	13,345

The deferred tax liabilities arose from the tax impact on revaluation surplus of property, plant and equipment and land held for property development which previously held as investment property.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Other payables	1,740	1,605	4	159
<hr/>				
Current				
Other payables	7,402	3,165	369	16
Accruals	1,134	933	110	97
Deposit received	8,100	10,100	-	-
Staff incentives	460	319	-	-
Amount due to a Director	612	77	-	-
	17,708	14,594	479	113
	19,448	16,199	483	272
<hr/>				
Represented by:				
- Current	17,708	14,594	479	113
- Non-current	1,740	1,605	4	159
	19,448	16,199	483	272

Included in other payables of the Group and of the Company are RM3,193,006 (2021: RM1,164,598) and RM354,513 (2021: RM159,416) respectively owing to a Director of subsidiaries. Such amount owing to a Director of subsidiaries is non-trade in nature, unsecured and interest free except for RM354,513 (2021: RM159,416) which are back-to-back advances comprise various personal loans and credit card facilities, borrowed in his personal capacity from the financial institutions and on-lent to the Group and to the Company, which bear interest rates payable to the financing banks ranging from 3.99% to 9.90% (2021: 3.99% to 9.90%) per annum.

Included in other payables of the Group is RM1,735,495 (2021: RM1,445,972) due to a third party which bears interest at 8% per annum. The amount is non-trade in nature, unsecured and the repayment period commences after the loan has been fully drawdown, i.e. April 2024.

The amount due to a Director of the Group is non-trade in nature, unsecured, interest free and repayable on demand.

Deposit represents the deposit received from third parties in relation to the joint venture agreements entered by a subsidiary.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group are 60 days (2021: 60 days).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. REVENUE

Type of revenue	Group	
	2022 RM'000	2021 RM'000
- Trading income	5,508	8,975
- Agriculture	2	8
	5,510	8,983

All revenue is generated in Malaysia and recognised at a point in time.

20. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expenses				
- other payables	31	185	31	120
- Director	-	1,102	-	1,102
	31	1,287	31	1,222

21. LOSS BEFORE TAX

Loss before tax is determined after charging amongst others, the following items:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- statutory audit	112	112	44	44
- assurance-related services	5	23	5	23
Directors' fees	276	276	276	276
Director of the Company:				
- remuneration	338	393	-	-
- defined contribution plan	47	47	-	-
Director of the subsidiaries:				
- fee	1,618	2,017	-	-
- remuneration	1,901	293	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	1,242	1,184	-	-
- defined contribution plan	170	164	-	-
- other staff related cost	740	300	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. TAX INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Crystallisation of deferred tax liabilities arising from revaluation of properties (Note 16)	(51)	(51)	-	-
	(51)	(51)	-	-

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

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before tax	(7,808)	(7,382)	(7,034)	(13,804)
Taxation at applicable tax rate of 24% (2021: 24%)	(1,874)	(1,772)	(1,688)	(3,313)
Tax effects arising from				
- non-deductible expenses	673	563	1,688	3,313
- crystallisation of deferred tax liabilities	(51)	(51)	-	-
- deferred tax assets not recognised during the year	1,201	1,209	-	-
Tax income for the financial year	(51)	(51)	-	-

Deferred tax assets have not been recognised in respect of the following items as it is not probable that whether sufficient future taxable profits will be available against which the Group can utilise the benefit:-

	Group	
	2022 RM'000	2021 RM'000
Plant and equipment	(2,318)	(2,191)
Other deductible temporary differences	(1,584)	649
Unabsorbed tax losses	77,320	69,970
Unutilised capital allowances	2,628	2,614
	76,046	71,042

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. TAX INCOME (CONT'D)

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

	Group	
	2022 RM'000	2021 RM'000
Carry forward up to year of assessment 2028	44,676	44,676
Carry forward up to year of assessment 2029	12,756	12,756
Carry forward up to year of assessment 2030	6,970	6,970
Carry forward up to year of assessment 2031	5,568	5,568
Carry forward up to year of assessment 2032	7,350	-
	77,320	69,970

23. LOSS PER SHARE

Basic/diluted loss per ordinary share

Basic/diluted loss per share is calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	2021
Net loss attributable to ordinary equity holders of the Company (RM'000)	(7,579)	(6,967)
Weighted average number of ordinary shares (Unit' 000)	4,414,110	3,307,996
Basic loss per ordinary share (sen)	(0.17)	(0.21)

Diluted loss per ordinary share

The Company has no dilutive potential ordinary shares. As such, there is no dilutive effect on the loss per ordinary share of the Group for both financial years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. RELATED PARTIES

(a) Related party transactions

Set out below are the related party transactions for the financial year. The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expenses charged by:				
- a person connected to a Director of the Company	31	120	31	120
- Director	-	1,102	-	1,102
Interest income charged on a subsidiary	-	-	(31)	(1,222)
Advances to subsidiaries	-	-	7,546	4,560
Payment on behalf from subsidiaries	-	-	612	695

(b) Key management personnel compensation

Key management personnel comprise staff of the Group having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

The Group and the Company have no other members of key management personnel other than the Directors. Remuneration of key management personnel is disclosed as Directors' remuneration in Note 21 to the Financial Statements.

25. OPERATING SEGMENT

Business segment

For management purpose, the Group is organised into business units based on their products and services provided. The Group is organised into two main business segments as follows:-

- (i) Trading, services and property development segment – involved in the trading, marketing, distribution of imaging, information technology, communication-based products, general merchants and property development
- (ii) Agriculture segment – involved in trading and cultivation of agricultural products

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

Transfer prices between operating segments are on a negotiated basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Group

	Trading, services and property development RM'000	Agriculture RM'000	Consolidated RM'000
2022			
Revenue			
External sales	5,508	2	5,510
Results			
Finance income	64	–	64
Finance costs	(31)	–	(31)
Depreciation	(180)	(113)	(293)
Tax income	28	23	51
Other non-cash income (Note (i))	35	–	35
Segment loss	(4,713)	(3,044)	(7,757)
Assets			
Additions to non-current assets (Note (ii))	18	117	135
Segment assets	161,396	13,604	175,000
Liabilities			
Segment liabilities	29,510	3,812	33,322
2021			
Revenue			
External sales	8,975	8	8,983
Results			
Finance income	19	65	84
Finance costs	(1,287)	–	(1,287)
Depreciation	(178)	(115)	(293)
Tax income	28	23	51
Other non-cash expense (Note (i))	(21)	–	(21)
Segment loss	(4,357)	(2,974)	(7,331)
Assets			
Additions to non-current assets (Note (ii))	1	88	89
Segment assets	159,450	11,836	171,286
Liabilities			
Segment liabilities	27,281	2,797	30,078

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

(i) Other non-cash income/(expense) consist of the following items:-

	2022	Group	2021
	RM'000		RM'000
Impairment loss on trade receivables	–		(23)
Reversal of impairment loss on trade receivables	35		2
	35		(21)

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

	2022	Group	2021
	RM'000		RM'000
Property, plant and equipment	18		1
Plantation expenditure	117		88
	135		89

Geographical segment

The Group's businesses are operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

Information about major customers

Revenue from one (2021: two) major customers amounted to RM772,870 (2021: RM2,609,609) is derived from trading and services segment.

26. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Directors to ensure the effectiveness of the risk management process.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The exposure to credit risk is monitored by the management on an ongoing basis and the management does not expect any counterparty fail to meet its obligations.

The areas where the Group are exposed to credit risk are as follows:-

Receivables

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that is neither past due nor impaired are stated at the realisable values.

Trade receivables that is neither past due nor impaired is creditworthy debtor with good payment records with the Group. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

Group

	Gross carrying amount RM'000	Expected credit loss rate %	Loss allowance RM'000	Net carrying amount RM'000
2022				
Not past due	175	-	-	175
Past due 1-60 days	85	-	-	85
Past due more than 120 days	50	94	(47)	3
	310		(47)	263
2021				
Not past due	198	-	-	198
Past due 1-60 days	53	-	-	53
Past due more than 120 days	1,632	90	(1,466)	166
	1,883		(1,466)	417

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

The areas where the Group are exposed to credit risk are as follows (cont'd):-

Receivables (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year or if Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables are limited to the carrying amounts as stated in the statements of financial position.

Other receivables

Credit risks on other receivables are mainly arising from amount held by High Court Shah Alam as detailed in Note 28.1 to the Financial Statements. The Group considers the receivables to have low credit risk.

As at the end of the reporting date, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position and the Group and the Company did not recognise any allowance for impairment losses.

Intercompanies balances

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The Company provides unsecured loans and advances to subsidiaries and monitors their results regularly. As at the end of the reporting year, there was no indication that the loans and advances to the subsidiaries are not recoverable except for those disclosed in Note 11 to the Financial Statements.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

The areas where the Group are exposed to credit risk are as follows (cont'd):-

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary and creditors for credit terms granted to a subsidiary. The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounts to RM140,722 (2021: RM479,816) representing the outstanding credit facilities to suppliers of the subsidiary guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view that it is unlikely the subsidiary will default within the guarantee period.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favorable interest rate available.

The following table summarises the interest rate profile of the Group and of the Company as at the reporting date:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instrument				
Financial assets				
Amount due from a subsidiary	-	-	355	159
Fixed deposit with a licensed bank	2,700	-	-	-
<hr/>				
Financial liability				
Other payables	355	159	355	159
<hr/>				

The Group and the Company do not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's liquidity is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debts obligations as and when they fall due and on its ability to obtain external financing for its committed future capital expenditures.

At the reporting date, the Group's and the Company's non-derivative financial liabilities which have contractual maturities are summarised below:-

	Carrying amount RM'000	Less than 1 year RM'000	Between 1 year to 5 years RM'000
Group			
2022			
Unsecured:			
Trade payables	152	152	-
Other payables	19,448	17,708	1,740
	19,600	17,860	1,740
2021			
Unsecured:			
Trade payables	534	534	-
Other payables	16,199	14,594	1,605
	16,733	15,128	1,605
Company			
2022			
Unsecured:			
Other payables	483	479	4
2021			
Unsecured:			
Other payables	272	113	159

The liquidity risk arises principally from financial guarantee by the Company in respect of payables owing by a subsidiary amounted to RM140,722 (2021: RM479,816).

(b) Fair values of financial instruments

The fair values of financial assets and financial liabilities of the Group and of the Company are reasonable approximation of their carrying amounts on the statements of financial position.

(c) Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have financial instruments measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debts on an ongoing basis. To maintain the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debts.

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

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

28.1 Compugates Development and Mining Sdn. Bhd. ("CDMSB") had on 18 August 2015 entered into a Joint Venture Agreement ("JVA") with a third party, as the developer, for the joint development of a parcel of leasehold land owned by CDMSB located at Sepang, Selangor Darul Ehsan, measuring approximately 154,990 square metres ("JV Land") into a mixed development project. On 13 December 2017, CDMSB received a letter from Lembaga Lebuhraya Malaysia informing that based on the land acquisition plan, partial of the land with 0.9892 hectares or 2.44 acres ("Land") is affected by the construction of Lebuhraya Kuala Lumpur – Putrajaya – KLIA (MEX 2). Subsequently, on 15 October 2018, CDMSB received a compensation offer of RM9,397,400 ("Compensation Sum") for the compulsory acquisition of 0.9892 hectares of the Land which was part of the JV Land and a further sum of RM750,014 for incidental costs payable to CDMSB, which CDMSB accepted with objection. The Compensation Sum was paid to the Shah Alam High Court ("High Court") by the land administrator as there was a caveat lodged on the JV Land by a third party pursuant to the JVA.

On 26 March 2019, CDMSB filed an originating summons against the third party at the Court for a declaration that CDMSB was entitled to the full Compensation Sum and for the entire Compensation Sum to be released to CDMSB. In the meantime, CDMSB had on 8 May 2019 served a notice on the third party to formally terminate the JVA as third party had failed to comply with the terms of the JVA but third party was insisting that though it failed to comply with the condition's precedent, the JVA was still on-going. CDMSB's originating summons against third party in the High Court had been converted to a writ by order of the Court and a writ of claims had been filed on 31 October 2019.

The full trial for the matter had been completed and on 13 January 2022 and the High Court had ruled in favour of CDMSB and declared that CDMSB was entitled to the whole Compensation Sum of RM9,397,400 in respect of the land acquisition of 0.9892 hectares of land and that the JVA is terminated, not valid and binding. The sum of RM3,000,000 from the deposit paid by the third party is forfeited as liquidated damages and the balance sum of RM2,000,000 paid under the JVA is to be refunded before or on 21 February 2022 and 5% interest per annum will be imposed from 22 February 2022 if fail to refund. The private caveat is to be removed/cancelled immediately and the counter claim is dismissed with cost of RM30,000 to be paid by the third party to CDMSB.

On 28 January 2022, third party had filed an appeal to the Court of Appeal against part of the decision made by the High Court on 13 January 2022 ("Court Order"). On 31 January 2022, third party also filed a stay of execution of the Court Order dated 13 January 2022 until the disposal of their appeal against this decision.

Subsequently on 10 June 2022, the High Court had ordered that the whole compensation sum of RM9,397,400 to be deposited into an interest bearing account in Maybank Berhad ("MBB") under the High Court until the disposal of the third party's appeal. No order for stay of Order dated 13 January 2022 was granted by the High Court.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE (CONT'D)

28.1 (cont'd)

The Court of Appeal has fixed the hearing of the full appeal on 24 July 2023.

The third party too filed for an ad interim stay to the Court of Appeal pending the disposal of the full appeal at the Court of Appeal. The hearing for the ad interim stay was dismissed with costs of RM5,000 at the Court of Appeal.

Further, relying on Court Order dated 13 January 2022, CDMSB vide Originating Summons filed an action against the third party and Pentadbir Tanah Daerah Sepang for among others that the whole compensation sum of RM9,397,400 to be paid to CDMSB pursuant to High Court Order dated 13 January 2022 or alternatively, that the whole compensation be deposited into an interest bearing account in MBB pending appeal.

The matter was heard on 12 October 2022 wherein it was ordered that the whole compensation sum of RM9,397,400 to be deposited into an interest bearing account in MBB under the High Court until the disposal of third party's appeal.

The third party filed a second private caveat registered on 20 April 2022 on the land pending the disposal of their appeal to the Court of Appeal.

CDMSB filed this originating summons for removal of the caveat and the matter was heard on 19 October 2022 wherein it was ordered that the second private caveat to be removed and that the registrar is authorised to cancel the entry of the second private caveat with cost of RM5,000 to be paid by the third party to CDMSB. The caveat has been removed on 7 November 2022.

The third party filed an application for stay of the execution of the order dated 19 October 2022 and the matter was fixed for hearing on 15 November 2022. On 15 November 2022, the High Court ordered an ad interim injunction until 2 December 2022 preventing CDMSB from disposing or entering any encumbrances on the Land until 2 December 2022 with costs in the cause pending the full hearing of this stay application. On 2 December 2022, the stay application was further adjourned to 14 December 2022 for parties to put in their written submissions and the ad interim injunction granted on 15 November 2022 was extended to 14 December 2022.

On 14 December 2022, the High Court granted a stay of order dated 19 October 2022 until the disposal of the Defendant's appeal to the Court of Appeal and an injunction preventing CDMSB from disposing or entering any encumbrances on the land until the disposal of the appeal to the Court of Appeal with costs in the cause.

The third party has filed an appeal to the Court of Appeal against order dated 19 October 2022 (removal of private caveat) and the matter is fixed for case management on 6 October 2023 and full hearing on 20 October 2023. Parties are to file in the respective written submission on or by 5 October 2023.

CDMSB filed an appeal to the Court of Appeal against the order dated 14 December 2022 granting a stay of order dated 19 October 2022 and ad interim injunction preventing disposal or causing any encumbrance to be entered on the said Land and the matter is fixed for case management on 21 August 2023 and full hearing on 4 September 2023, the full appeal is fixed for hearing on 4 September 2023 and the next case management is fixed on 21 August 2023. Parties are to file in the respective written submission on or by 20 August 2023.

Based on the opinion of the Directors, CDMSB has the legal rights to claim the sum amount and has a fair chance to recover the amount. The Directors are of the opinion that no adjustments to be made in respect of the above dispute in the financial statements as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE (CONT'D)

28.2 On 20 January 2023, Compugates Perak Sdn. Bhd. ("CPSB") had entered into the Collaboration Agreement with Mega Agarwood Trading (M) Sdn Bhd, Loh Kim Yong and Yeo Tien Kiong for the development, marketing and promotion of the agarwood business in Malaysia.

28.3 Subsequent to the reporting date, the Company issued the following new ordinary shares pursuant to the private placements:-

- (a) 445,728,813 ordinary shares at an issue price of RM0.0118 each on 13 January 2023 for a total consideration of RM5,259,600
- (b) 86,956,521 ordinary shares at an issue price of RM0.0115 each on 27 January 2023 for a total consideration of RM1,000,000
- (c) 125,000,000 ordinary shares at an issue price of RM0.0102 each on 10 February 2023 for a total consideration of RM1,275,000
- (d) 259,043,113 ordinary shares at an issue price of RM0.0090 each on 21 February 2023 for a total consideration of RM2,331,388

LIST OF PROPERTIES

AS AT 31.12.2022

COMPUGATES GROUP OF COMPANIES

Location	Description	Date of Acquisition / Date of Valuation	Gross Floor Area (square feet)	Tenure	Age of Buildings (years)	Net Book Value (RM)
Nos. 3-1 to 3-5 Jalan PJU 1/ 41 Dataran Prima Petaling Jaya Selangor Darul Ehsan	Five (5) Strata shop / office	30 Dec1999 31 Dec 2018	No. 3-1: 1,542 No. 3-2: 1,735 No. 3-3: 1,735 No. 3-4: 1,735 No. 3-5: 1,735 <hr/> 8,482	Freehold	23	3,472,527
No. 31-2 Jalan PJU 1/ 39 Dataran Prima Petaling Jaya Selangor Darul Ehsan	One (1) Strata shop / office	9 Aug 2002 31 Dec 2018	No. 31-2: 1,735	Freehold	20	526,904
Level No. 07 101-07-09 Menara PERDANA Jalan Gurdwara Penang	1 storey in a 14-storey light industrial building	26 Sep 2006 31 Dec 2018	2,034	Freehold	16	804,213
H.S(D) 15896 PT 32544 (Plot A) Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan	A parcel of vacant agricultural land	25 Sep 2008 26 Apr 2013 9 Apr 2018	62 acres	Leasehold for a term of 99 years expiring on 1 February 2104	–	48,420,110
H.S(D) 13828 PT 26800 (Plot E-Studio) Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan	A parcel of commercial development land	25 Sep 2008 3 Jun 2016 31 Dec 2020	1,562,016	Leasehold for a term of 99 years expiring on 21 May 2103	–	93,629,077
H.S(D) 9651 PT 2263 Mukim of Kota Lama Kiri District of Kuala Kangsar State of Perak Darul Ridzuan	A parcel of vacant agriculture land	29 Sep 2009 31 Dec 2018	Land Area (square meter) 47,720	Freehold	–	1,500,000
H.S(D) 1464 to 1744 PT 952 to 1232 Mukim of Kota Lama Kiri District of Kuala Kangsar State of Perak Darul Ridzuan	281 pieces of Commercial development Land	29 Sep 2009 26 Apr 2013 29 Dec 2017 31 Dec 2022	Land Area (square meter) 88,999	Leasehold for a term of 99 years expiring on 24 Jan 2093	–	9,720,000
Total Net Book Value:						158,072,831

ANALYSIS OF SHAREHOLDINGS

AT 5 APRIL 2023

SHARE CAPITAL

Total Number of Issued Shares	:	5,500,370,682
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
59	Less than 100	1,935	*
2,062	100 to 1,000	1,377,107	0.02
1,954	1,001 to 10,000	10,741,968	0.20
3,350	10,001 to 100,000	182,768,110	3.32
2,292	100,001 to less than 5% of issued shares	3,489,265,243	63.44
2	5% and above of the issued shares	1,816,216,319	33.02
9,719	TOTAL	5,500,370,682	100.00

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Curate Holdings Sdn Bhd (PB)	1,006,487,872	18.30
2. Koh Lean Poh	809,728,447	14.72
3. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sierra Bonus Sdn Bhd	248,331,300	4.51
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	238,000,000	4.33
5. Khor Chong Hai	211,389,000	3.84
6. See Thoo Chan	151,446,540	2.75
7. Goh Kheng Peow	138,239,003	2.51
8. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	132,860,010	2.42
9. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan	116,693,700	2.12
10. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim (MQ0423)	100,000,000	1.82

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (CONT'D)

Name of Shareholders	No. of Shares Held	Percentage (%)
11. Kevin Wee Teck Jin	84,794,100	1.54
12. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Siew Li (M08)	84,000,000	1.53
13. Gan Siew Liat	71,500,000	1.30
14. See Thoo Chan	58,150,000	1.06
15. Chin Mong Kong	51,030,600	0.93
16. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Gaik Eng (LIM4779C)	50,000,000	0.91
17. RHB Capital Nominees (Tempatan) Sdn Bhd Thong Weng Kin	44,972,900	0.82
18. Low Gay Teong	44,222,000	0.80
19. Wong Yoke Kuen	32,113,200	0.58
20. Wong Lay Leng	25,500,000	0.46
21. Ch'ng Teng Teng	20,000,000	0.36
22. Bagan Pesona Sdn Bhd	17,883,700	0.33
23. Hong Min Ha	15,116,600	0.27
24. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheong Weng Teong	15,000,000	0.27
25. Tan Siew Li	15,000,000	0.27
26. SJC Realty Sdn Bhd	13,500,000	0.25
27. Lim Kang Pow	13,406,500	0.24
28. See Thoo Chan	13,257,600	0.24
29. Ang Bok Gee	13,100,000	0.24
30. Chan Huan Chai	13,000,000	0.24
TOTAL	3,848,723,072	69.96

ANALYSIS OF SHAREHOLDINGS (CONT'D)

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME OF SHAREHOLDERS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Curate Holdings Sdn Bhd	1,006,487,872	18.30	–	–
2. Goh Kheng Peow	509,289,013	9.26	339,547,840 [#]	6.17
3. See Thoo Chan	339,547,840	6.17	509,289,013 [^]	9.26
4. Soo Yi Xin	200,000	+	1,006,487,872 [*]	18.30
5. Koh Lean Poh	809,728,447	14.72	–	–

[#] Deemed interest by virtue of his spouse's direct shareholding in Compugates Holdings Berhad

[^] Deemed interest by virtue of her spouse's direct shareholding in Compugates Holdings Berhad

^{*} Deemed interest by virtue of her direct shareholding in Curate Holdings Sdn Bhd

⁺ Less than 0.01%

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME OF DIRECTORS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Tan Sri Datuk Asmat bin Kamaludin	–	–	–	–
2. See Thoo Chan	339,547,840	6.17	509,289,013 [@]	9.26
3. Goh Tai Wai	–	–	–	–
4. Mohamed Fauzi bin Omar	–	–	–	–
5. Low Geok Eng	2,000,000	0.04	3,250,000 [@]	0.06
6. Tan Siew Li	99,000,000	1.80	–	–

[@] Deemed interest by virtue of her spouse's direct shareholding in Compugates Holdings Berhad

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENTS

- i. Private placement of up to 763,940,372 new ordinary shares in Compugates Holdings Berhad (“CHB” or the “Company”) (“CHB Shares”), representing approximately 20% of the total number of issued CHB Shares (“Private Placement I”)

The Private Placement I was approved by the shareholders of CHB at an extraordinary general meeting (“EGM”) held on 4 February 2022.

On 23 March 2022, the Private Placement I was deemed completed with the listing of 763,940,372 new CHB Shares raising total gross proceeds of RM6.88 million.

The status of the utilisation of proceeds from the Private Placement I as at 6 April 2023 is as tabulated below:

Detail of utilisation	Approved Limit RM	Proceed Received RM	Actual Utilisation RM	Balance RM
Working capital requirements	8,802,000.00	4,600,463.35	4,193,120.68	407,342.67
Purchase of Integrated Water Supply Scheme	2,200,000.00	2,200,000.00	0.00	2,200,000.00
Expenses for private placement exercise	75,000.00	75,000.00	67,476.84	7,523.16
TOTAL	11,077,000.00	6,875,463.35	4,260,597.52	2,614,865.83

- ii. Private placement of up to 916,728,447 new CHB Shares, representing up to 20% of the total number of issued CHB Shares (“Private Placement II”)

The Private Placement II was approved by the shareholders of CHB at an EGM held on 23 December 2022.

On 23 February 2023, the Private Placement II was deemed completed with the listing of 916,728,447 new CHB Shares raising total gross proceeds of RM9.87 million.

The status of the utilisation of proceeds from the Private Placement II as at 6 April 2023 is as tabulated below:

Detail of utilisation	Approved Limit RM	Proceed Received RM	Actual Utilisation RM	Balance RM
Working capital requirements	10,655,834.03	8,145,988.02	4,937,483.04	3,208,504.98
Repayment to Lead Developers for construction costd of the Access Road	1,600,000.00	1,600,000.00	–	1,600,000.00
Expenses for private placement exercise	120,000.00	120,000.00	120,000.00	–
TOTAL	12,375,834.03	9,865,988.02	5,057,483.04	4,808,504.98

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)**2. AUDIT AND NON-AUDIT FEES**

The audit fees and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2022 were as follows:

Audit Services	2022	
	Group	Company
Statutory audit fees	112,000	44,000
Non-audit fees	5,000	5,000
TOTAL	117,000	49,000

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting (“18th AGM” or “Meeting”) of COMPUGATES HOLDINGS BERHAD (“Compugates” or “the Company”) will be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Tuesday, 30 May 2023 at 11:00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees of up to RM348,000.00 for the financial year ending 31 December 2023. **(Ordinary Resolution 1)**
3. To re-elect Mr. Goh Tai Wai as Director of the Company, who retires by rotation in accordance with Clause 134 of the Company’s Constitution and who being eligible, has offered himself for re-election. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who retire in accordance with Clause 119 of the Company’s Constitution and who being eligible, have offered themselves for re-election:
 - (i) Madam Tan Siew Li; and **(Ordinary Resolution 3)**
 - (ii) Madam Low Geok Eng. **(Ordinary Resolution 4)**
5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, pass with or without any modifications, the following resolutions:

6. **Ordinary Resolution**
Proposed Payment of a One-Off Ex Gratia to the Executive Director and Non-Executive Directors of the Company

“**THAT** the proposed payment of a one-off ex gratia totaling RM250,000.00 to the Executive Director and Non-Executive Directors of the Company as a token of appreciation for their long-term services for more than seventeen (17) years be and is hereby approved.” **(Ordinary Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)7. **Ordinary Resolution****Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting (“Mandate”);

(Ordinary Resolution 7)

THAT approval be and is hereby given for the waiver of the pre-emptive rights of the existing shareholders of the Company to be offered new shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act 2016 and Clause 65 of the Constitution of the Company arising from any issuance of new shares pursuant to the Mandate;

AND THAT the Board of Directors of the Company be exempted from the obligation to offer such new shares first to the existing shareholders of the Company arising from any issuance of new shares pursuant to the Mandate.”

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

By Order of the Board

COMPUGATES HOLDINGS BERHAD

CHEN WEE SAM (LS 0009709) (SSM PC No. 202008002853)

HEW CHEE HAU (MIA 21967) (SSM PC No. 201908001291)

Company Secretaries

Kuala Lumpur

28 April 2023

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

A. Appointment of Proxy(ies)

- (i) All members, proxy(ies), corporate representative(s) and attorney(s) shall attend the 18th AGM online via TIIH Online website at <https://tiih.online>.
- (ii) The online meeting platform at <https://tiih.online> is recognised as the main venue of the Meeting in Malaysia under Section 327(2) of the Companies Act 2016.
- (iii) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/its stead.

A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at <https://tiih.online> to attend, participate and vote remotely via the remote participation and voting facilities. Please follow the procedures and timeframe as set out in the Administrative Guide of the 18th AGM which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at http://www.compugates.com/zata_da/src/doc/notice_of_agm_2023.pdf.

A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) may pose his/her/their questions via the platform as set out in the Administrative Guide.

- (iv) A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- (v) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- (vi) Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (vii) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and the Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
 - (a) In hard copy:
 - By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
 - By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or
 - (b) By electronic form:
 - To submit Form of Proxy electronically via TIIH Online at <https://tiih.online>

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (viii) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his/her attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
- (ix) In respect of deposited securities, only a member whose name appears on the Record of Depositors on 23 May 2023, shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
- (x) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

B. Audited Financial Statements for the financial year ended 31 December 2022

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

C. Ordinary Resolution 1: Payment of Directors' Fees

Section 230(1) of the Companies Act 2016 provides that the Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees for the financial year ending 31 December 2023.

D. Ordinary Resolutions 2, 3 and 4: Re-election of Directors

Mr. Goh Tai Wai, who retires by rotation in accordance with Clause 137 of the Company's Constitution, being eligible, has offered himself for re-election as Director at the 18th AGM of the Company.

For the purpose of determining the eligibility of the Mr. Goh Tai Wai to stand for re-election at the 18th AGM, the Board of Directors through its Nomination Committee had assessed him, and considered the following:

- (i) His performance and contribution;
- (ii) His skills, experience and strength in qualities;
- (iii) His ability to act in the best interest of the Company in decision-making; and
- (iv) His fitness and propriety with reference to the Directors' Fit and Proper Policy.

Madam Tan Siew Li and Madam Low Geok Eng are appointed as Independent Non-Executive Directors of the Company with effect from 1 April 2023. The Board through its Nomination Committee had reviewed and considered their background, skills, knowledge, experience and qualification and assessed the fitness and propriety before approved their appointments. They are retiring in accordance with Clause 119 of the Company's Constitution and being eligible, have offered themselves for re-election as Directors at the 18th AGM of the Company.

Mr. Goh Tai Wai, Madam Tan Siew Li and Madam Low Geok Eng had abstained themselves from all deliberations and decisions on their own respective proposed re-election as Directors at the Board of Directors' Meeting.

E. Ordinary Resolution 5: Re-appointment of Auditors

The Audit Committee ("AC") has assessed the objectivity, suitability and independence of the External Auditors and recommended the re-appointment of Grant Thornton Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2023. The Board has reviewed the recommendation of the AC and recommended the same for the shareholders' approval at the 18th AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Note on Special Business

F. Ordinary Resolution 6: Proposed Payment of a One-Off Ex Gratia to the Executive Director and Non-Executive Directors of the Company

The Directors' remunerations had remained unchanged since year 2005. In recognising the long-term dedication, commitment and contributions by the Non-Executive Directors of the Company in providing effective contribution by extending independent oversight and constructive challenges to management, and the effective management and strategic planning and execution by the Executive Director in driving the long-term viability, sustainability and success of the Company and its subsidiaries, the Board recommended that a one-off ex gratia totalling RM250,000 be awarded to the following Directors of the Company:

Directors	Amount (RM)
Tan Sri Datuk Asmat Bin Kamaludin	100,000.00
Mohamed Fauzi Bin Omar	50,000.00
See Thoo Chan	50,000.00
Goh Tai Wai	50,000.00

G. Ordinary Resolution 7: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 7 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016 for the purpose of obtaining a renewed general mandate ("Renewed General Mandate"), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of ordinary shares issued pursuant to the Renewed General Mandate does not exceed ten per centum (10%) of the total number of issued ordinary shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This Renewed General Mandate will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier. This Renewed General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Ordinary Resolution 7, if passed, would be tantamount to shareholders of the Company agreeing to waive their pre-emptive rights in respect of the allotment and issuance of the new ordinary shares pursuant to the Renewed General Mandate, which will result in a dilution to the shareholders' shareholdings in the Company.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate granted to the Directors at the Seventeenth Annual General Meeting of the Company held on 30 May 2022 and it will lapse at the conclusion of this 18th AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Personal Data Privacy:

By submitting a completed Form of Proxy to the share registrar office of the Company for appointing proxy(ies) or attorney(s) or corporate representative(s) to attend, participate and vote at the 18th AGM and any adjournment thereof, a member of the Company is hereby: (i) consenting to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) or attorney(s) or corporate representative(s) appointed for the 18th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 18th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warranting that where the member discloses the personal data of the member's proxy(ies) or attorney(s) or corporate representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or attorneys(s) or corporate representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or attorney(s) or corporate representative(s) for the Purposes ("Warranty"); and (iii) agreeing that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

STATEMENT ACCOMPANYING NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (“18TH AGM”)

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. No individual is seeking election as a Director of the Company at the 18th AGM.
2. Details of the general mandate to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note G of the Notice of 18th AGM.

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COMPUGATES®

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

FORM OF PROXY

(To be completed in Block Letters)

No. of Shares Held

CDS Account No.

*I/We NRIC/Passport/Company No.
(Full name in Block Letters)

of

(Full Address)

(Contact No./Email) being a *member/members of Compugates Holdings Berhad (Registration No. 200401030779 (669287-H)) ("Compugates" or "the Company"), hereby appoint:

Full Name of Proxy (in Block Letters)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact No.	Email Address		

and (if more than one (1) proxy)

Full Name of Proxy (in Block Letters)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact No.	Email Address		

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Eighteenth Annual General Meeting ("18th AGM" or "Meeting") of the Company to be held and conducted on a fully virtual basis through live streaming and online remote voting using remote participation and voting facilities on an online meeting platform via TIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Tuesday, 30 May 2023 at 11.00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1.	To approve the payment of Directors' fees for the financial year ending 31 December 2023		
2.	Re-election of Mr. Goh Tai Wai as Director of the Company		
3.	Re-election of Madam Tan Siew Li as Director of the Company		
4.	Re-election of Madam Low Geok Eng as Director of the Company		
5.	Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	Proposed payment of a one-off Ex Gratia to the Executive Director and Non-Executive Directors of the Company		
7.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space above on how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

*Delete if not applicable.

Dated thisday of.....2023

Signature(s) of member(s)

Notes:

- (i) All members, proxy(ies), corporate representative(s) and attorney(s) shall attend the 18th AGM online via TIH Online website at <https://tiih.online>.
- (ii) The online meeting platform at <https://tiih.online> is recognised as the main venue of the Meeting in Malaysia under Section 327(2) of the Companies Act 2016.
- (iii) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy(ies) to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/its stead.
A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIH Online website at <https://tiih.online> to attend, participate and vote remotely via the remote participation and voting facilities. Please follow the procedures and timeframe as set out in the Administrative Guide of the 18th AGM which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's website at http://www.compugates.com/zata_da/src/doc/notice_of_agm_2023.pdf.
A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) may pose his/her/their questions via the platform as set out in the Administrative Guide.
- (iv) A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- (v) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- (vi) Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.



Notes: (Cont'd)

- (vii) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and the Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (a) In hard copy:
- By hand or by post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia; or
 - By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com; or
- (b) By electronic form:
- To submit Form of Proxy electronically via TIIH Online at <https://tiih.online>
- (viii) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his/her attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
- (ix) In respect of deposited securities, only a member whose name appears on the Record of Depositors on 23 May 2023, shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
- (x) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice will be put to vote by way of poll.

Personal Data Privacy:

By lodging of a completed Form of Proxy to the share registrar office of the Company for appointing proxy(ies) or attorney(s) or corporate representative(s) to attend, participate and vote at the 18th AGM or any adjournment thereof, the member accepts and agrees to the personal data privacy terms as set out in the Notice of 18th AGM dated 28 April 2023.

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AFFIX
STAMP

**THE SHARE REGISTRAR OF
COMPUGATES HOLDINGS BERHAD
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

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Fold This Flap For Sealing

COMPUGATES®

COMPUGATES HOLDINGS BERHAD

200401030779 (669287-H)

No.3, Jalan PJU 1/41, Block C1 Dataran Prima
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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