



ANNUAL REPORT 2021

SEDANIA INNOVATOR BERHAD

We Are Innovators.
We Improve Lives Sustainably.





**We Are Innovators.
We Improve Lives Sustainably.**



Cover Rationale

In our 2020 cover, it depicted how we had to withstand the challenges faced amidst the Covid-19 pandemic.

Our 2021 achievements were accomplished through our focus on Sustainability, namely our segments Sustainable Energy and Sustainable Healthcare. The green structure represents what we do - retrofitting buildings with energy efficient solutions. With the sun's rays coming through, we see great hope for the future as we stay on the sustainability course. We can help organisations strike a balance between growing their businesses whilst living in harmony with the environment.



Annual Report

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Corporate Information

Board Of Directors

Tan Sri Abdul Halim Bin Ali
Senior Independent Non-Executive Chairman

Datuk Noor Azrin Bin Mohd Noor
Managing Director

Datuk Noor Syafiroz Bin Mohd Noor
Executive Director

Datuk Syed Izuan Bin Syed Kamarulbahrin
Independent Non-Executive Director

Norliza Binti Kamaruddin
Independent Non-Executive Director

Yoong Weng Hong Peter Andrew
Independent Non-Executive Director
(Appointed on 13 December 2021)

Lau Kin Wai
Independent Non-Executive Director
(Resigned on 13 December 2021)

Company Secretaries

Chua Siew Chuan
(SSM PC No.: 201908002648 / MAICSA 0777689)
Cheng Chia Ping
(SSM PC No.:202008000730 / MAICSA 1032514)

Audit & Risk Management Committee

Datuk Syed Izuan Bin Syed Kamarulbahrin, (Chairman)
Tan Sri Abdul Halim Bin Ali
Norliza Binti Kamaruddin

Nomination Committee

Tan Sri Abdul Halim Bin Ali, (Chairman)
Datuk Syed Izuan Bin Syed Kamarulbahrin
Norliza Binti Kamaruddin

Remuneration Committee

Norliza Binti Kamaruddin, (Chairperson)
Tan Sri Abdul Halim Bin Ali
Datuk Syed Izuan Bin Syed Kamarulbahrin

Registered Office

Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Wilayah Persekutuan
Tel : (603) 2084 9000
Fax : (603) 2094 9940

Corporate Office

Level 10, Kelana Parkview Tower
Jalan SS6/2, 47301 Petaling Jaya
Selangor Darul Ehsan

Tel: (603) 7880 2001
Fax: (603) 7880 6001

Auditors

BDO PLT
(LLP0018825-LCA & AF 0206)
Level 8, BDO @ Menara CentARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Wilayah Persekutuan
Tel: (603) 2616 2888
Fax: (603) 2616 3190

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
Tel : (603) 2783 9299
Fax : (603) 2783 9222

Principal Bankers

RHB Islamic Bank Berhad

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad
Listing Date: 29 June 2015
Stock Code: 0178
Stock Name: SEDANIA

Website

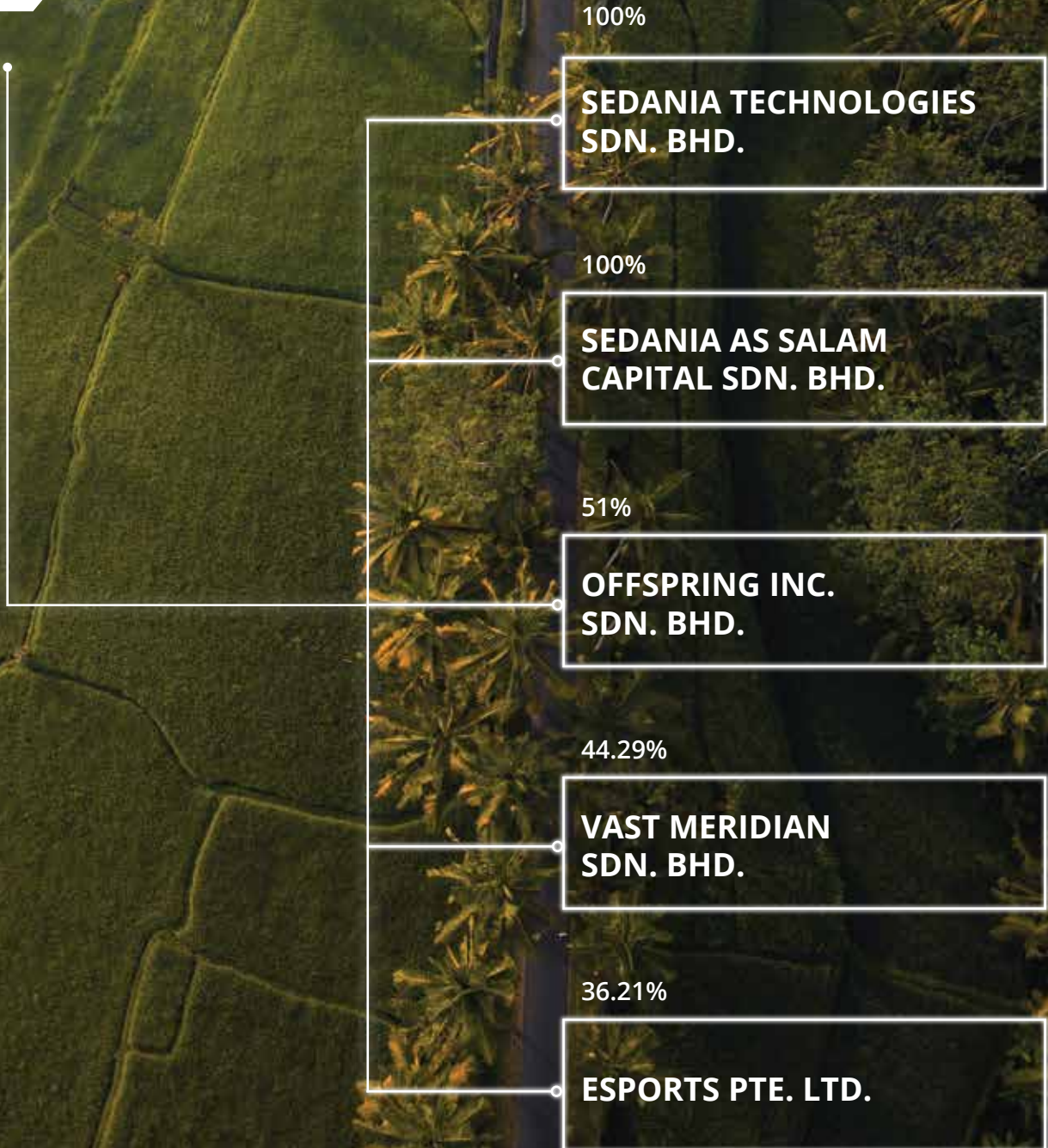
www.sedaniainnovator.com

Email

info@sedaniainnovator.com

Corporate Structure

As at 29.4.2022



Corporate Milestones

2004

Incorporated IDOTTV Sdn. Bhd. to develop media content. Ventured into mobile technology and innovation.

Signed a Collaboration Agreement with Celcom for the provision of Celcom Airtime Sharing services.

2005

Commercially launched Celcom Airtime Request services, a peer-to-peer (P2P) platform that allows mobile credit transfer.

2006

MSC Malaysia status granted by MDEC in recognition of the Company's continuous growth in ICT-related business.

2008

Reached 300,000 daily transactions for Airtime Sharing service with Celcom. Renewal of agreement with Celcom for the continuous provision of the Celcom Airtime Sharing services.

2011

Conceptualised an eco-friendly mobile application – GreenBilling©.

Winner of *The International Arch of Europe Awards (Frankfurt)* by Arch of Europe for Quality and Technology in Gold Category.

2012

Winner of *Corporate Social Responsibility Leadership Awards at Asia Pacific Young Business Conference*.

Winner of *WITSA Global ICT Excellence Awards (Montreal) – Sustainable Growth Awards for GreenBilling© Application*.

2013

Selected for the TERAS program under TERAJU. Signed an agreement with Rayyan Global for provision of Airtime Sharing Solutions to Maxis subscribers.

Founded Sedania Innovator Bhd. ("SIB"), investment holding company. Became the provider of Airtime Sharing Solutions to subscribers of Robi Axiata in Bangladesh.

2014

Airtime Sharing with Robi Axiata and Maxis is commercially launched.

Received an award from *Celcom Digital Service for Highest Growth Service for Airtime Sharing Celcom 2013*.

Conceptualised and introduced application based Airtime Sharing for multiple MNOs. Launched the beta version of GreenBilling© Application. Launched the Credit SOS with Celcom.

2015

Selected under Syarikat Skim Jejak Jaya Bumiputera (SJJJ) programme. Signed Supplemental Agreement with Celcom for the provision of Celcom Airtime Sharing and Request services until 2020.

■ 2016

- IDOTTV signed a Strategic Partnership Agreement with Matrix Energy Sdn. Bhd. ("MESB") for the provision of Green Technology Solutions for 100 sites located in MESB client, with a contract value of RM8.4 million for a period of four (4) years. Subsequently, received a certificate of grant of patent from Perbadanan Harta Intelek Malaysia (MyIPO) for the invention titled "Telecommunication Airtime Transfer and Request System And Method" (Patent Number MY-159743-A). IDOTTV also signed a Strategic Partnership Agreement with Iscada Net Sdn. Bhd. for delivery of Internet of Things (IoT) Fire Safety Solutions under Sistem Pengawasan Kebakaran Automatik for Jabatan Bomba dan Penyelamat Malaysia for a period of five (5) years.

■ 2017

- Sedania Group ventured into financial technology (FinTech) services, acquiring 100% equity interest in Sedania As Salam Capital Sdn. Bhd. ("SASC") to provide Islamic FinTech solutions.

■ 2018

- IDOTTV signed a Strategic Partnership Agreement with MESB to design, install, and commission Energy Saving Devices and provision of other solutions designed to reduce energy consumption for a telecommunication company in Malaysia.

■ 2019

- IDOTTV rebranded to Sedania Technologies Sdn. Bhd. ("STSB"). Acquired 44.29% equity interest in Vast Meridian Sdn. Bhd. ("VMSB"). Acquired 42.55% equity interest in Esports Pte. Ltd ("ESPL").

■ 2020

- Expansion into health technologies with proposed acquisition of Offspring Inc. Sdn. Bhd., in a move to diversify and complement its existing core business.

■ 2021

- Acquired 51% equity interest in Offspring Inc Sdn. Bhd. The new subsidiary business is included under the Sustainable Healthcare segment.

About Us

Who We Are

Sedania is an investment holding company focusing on projects and businesses that enable corporations and consumers to reduce their carbon footprint. By bringing together funding, expertise and products, we enable others to achieve sustainability. Since its listing in 2015 on the ACE Market of Bursa Malaysia, Sedania has invested in innovative businesses in Sustainable Energy and Sustainable Healthcare.

What We Do

Sustainable Energy

Sedania Technologies Sdn. Bhd. houses the Group's energy-saving technologies, which were under the Green technology solutions segment previously. Our decision to rename this segment to Sustainable Energy was to better reflect our move to invest in its corporate clients' future energy sustainability. This is where we finance and deploy energy efficiency solutions and renewable energy systems to our clients.

By financing, we mean offering our customers a zero-CAPEX, profit-sharing model – called Energy Performance Contract (EPC), an alternative financing mechanism in which Green Technologies are financed through future cost reductions.

To date the deployment of our energy efficiency solutions and renewable energy systems saved over 66 gigawatt-hours and RM30 million in our clients' energy cost.

Sustainable Healthcare

Previously known as Health Technology, the segment markets and exports preventive healthcare products to over 20 countries under its brand Offspring. The brand and its products focus on eco-friendly products using material and ingredients which are not harmful to the environment and lead to lower carbon emissions.

Over 150 products are sold under the brand Offspring online and through selected retail stores.

FinTech

Sedania As Salam Capital Sdn. Bhd., which became part of the Group in 2017, is an Islamic Fintech company with its core product branded as "As-Sidq". As-Sidq is a patented digital Islamic commodity trading platform which facilitates Islamic banking transactions and is fully Shariah-compliant.

TelcoTech

Telcotech is a segment under Sedania Technologies Sdn. Bhd. Previously known as "Sharing Platform", this business marked the birth of our first P2P Intellectual Proprietary of Airtime Sharing (ATS) service. We enable users from telecommunications companies to share credit under the same network.

Esports

Esports Pte. Ltd. provides a global Esports tournament and platform - Esports Players League ("ESPL") - focusing on the gamers community and digital interactivity. It is the first global amateur Esports League gaming platform.

Financial Calendar

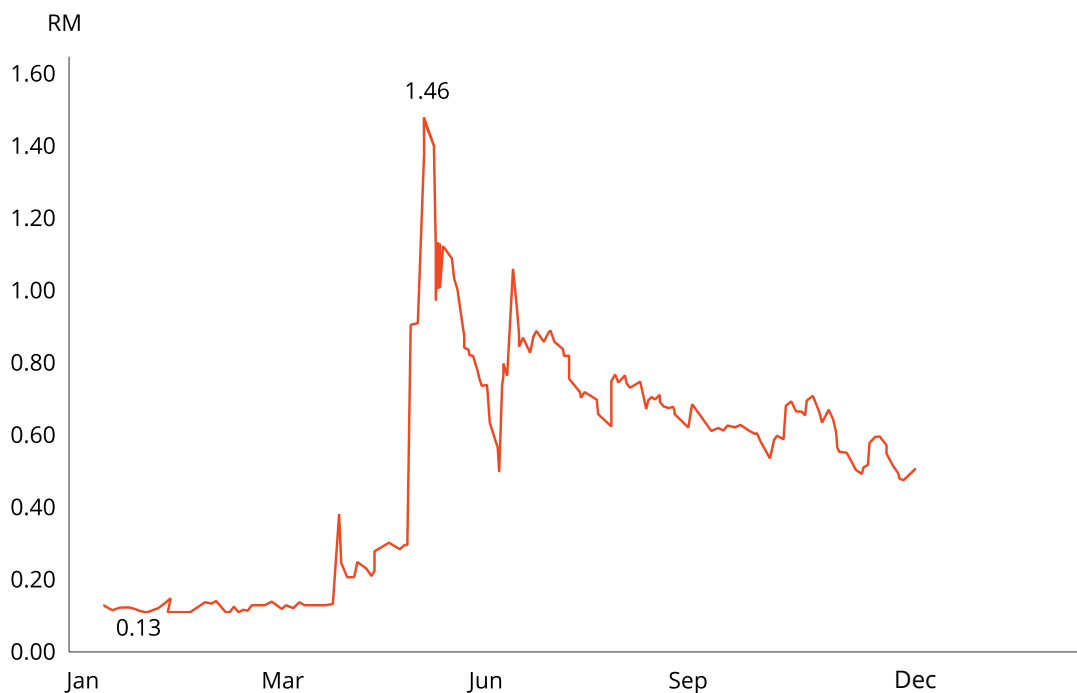
For Financial Year Ended 31 December 2021

Announcement Of Results



Share Performance

SEDANIA INNOVATOR BERHAD Historical Price FYE 2021



Year High :	RM1.46 on 28 May 2021
Year Low :	RM0.13 on 29 January 2021
Highest Trading Volume :	365,206,200 on 21 May 2021
Year End Close :	RM0.515
Market Capitalisation As At 31 December 2021:	RM178.80 Million

Financial Highlights

Highlights of our Group's Financial Informations for the Past Five (5) Financial Years

RESULTS (RM'000)	2017	2018	2019	2020 Restated	2021
Revenue	27,297	12,343	15,495	29,731	49,098
Profit/(Loss) Before Taxation	2,157	(4,313)	2,949	7,040	12,131
Profit/(Loss) After Taxation	1,567	(4,357)	2,486	(8,537)	10,321
Profit/(Loss) For The Year					
Attributable to:					
Owners of the parent	1,567	(4,357)	2,486	(10,241)	8,299
Non-controlling interest	-	-	-	1,704	2,022

STATEMENT OF FINANCIAL POSITION (RM'000)	2017	2018	2019	2020 Restated	2021
Total assets	43,351	33,168	35,486	41,012	51,856
Total shareholders' equity	32,729	26,326	31,505	17,926	40,931
Total liabilities	10,622	6,842	3,981	23,086	10,925

FINANCIAL STATISTICS	2017	2018	2019	2020 Restated	2021
PBT Margin (%)	7.90	(34.94)	19.03	(23.68)	24.71
PAT Margin (%)	5.74	(35.30)	16.05	(28.71)	21.02
Weighted Number of Shares (Units)	225,806,452	225,806,452	248,387,052	264,465,803	329,247,336
Basic Earnings Per Share (sen)	0.70	(1.90)	1.00	(3.90)	2.522

Revenue
RM49.1M
+65% vs 2020

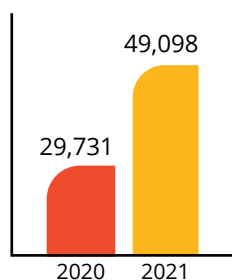
Profit After Tax
RM10.3M
+221% vs 2020

PATAMI
RM8.3M
+181% vs 2020

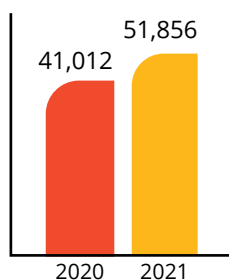
Earnings per share
2.52 sen
+165% vs 2020

Key Performance Highlights

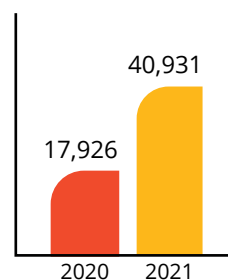
Revenue
RM'000



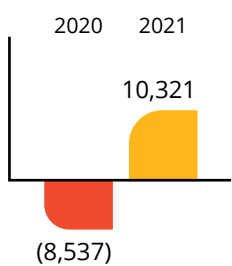
Total Assets
RM'000



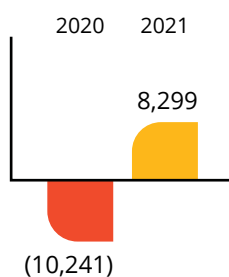
Total Equities
RM'000



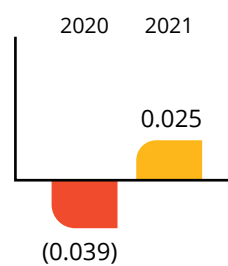
PAT/LAT
RM'000



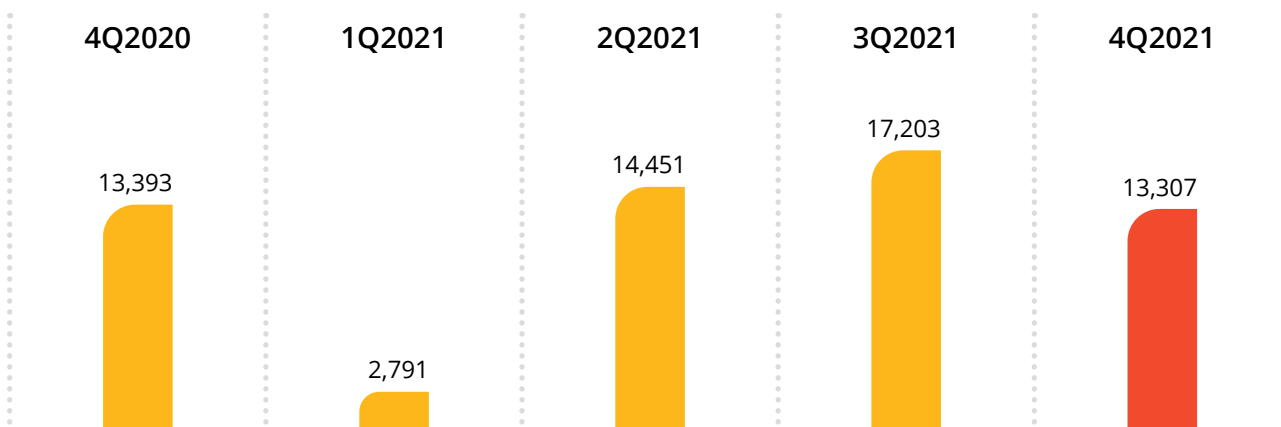
PATAMI
RM'000



BASIC EPS
RM'000

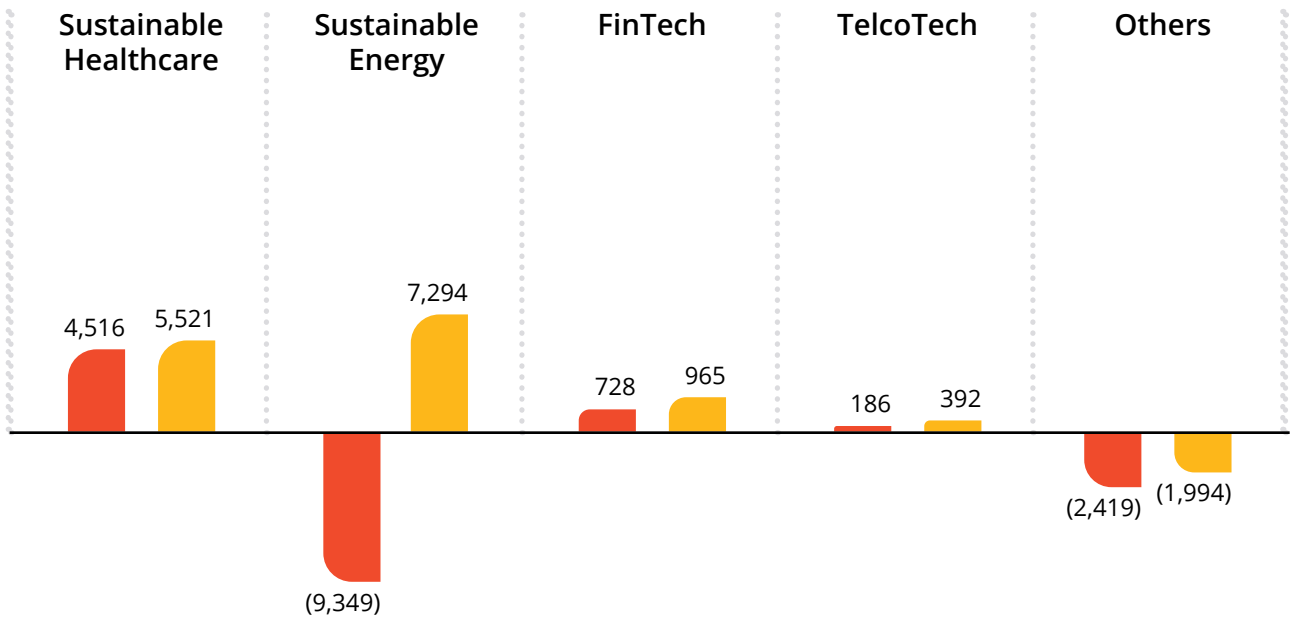


**Cash, cash equivalents
and short term investments**
RM'000



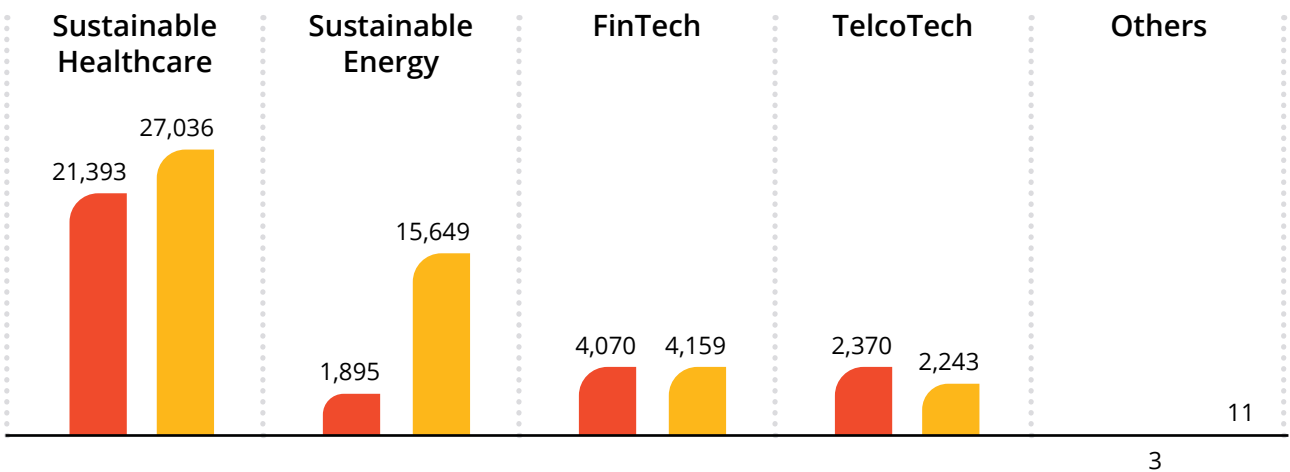
Segment Profit / (Loss) RM'000

2020 2021



Segment Revenue RM'000

2020 2021



Our Directors



From Left (seated)

Datuk Syed Izuan Bin Syed Kamarulbahrin
*Independent
Non-Executive Director*

Tan Sri Abdul Halim Bin Ali
*Senior Independent
Non-Executive Chairman*

Yoong Weng Hong Peter Andrew
*Independent
Non-Executive Director*

From Left (standing)

Datuk Noor Syafiroz Bin Mohd Noor
Executive Director

Norliza Binti Kamaruddin
*Independent
Non-Executive Director*

Datuk Noor Azrin Bin Mohd Noor
Managing Director

Our Management



From Left (seated)

Khairul Nisa Binti Ismail
Chief Executive Officer
Sedania As Salam Capital Sdn. Bhd.

Daniel Bernd Ruppert
Chief Executive Officer

From Left (standing)

Razam Bin Mohd Rashid
Chief Technology Officer

Mohamed Roslan Bin Ismail
Chief Executive Officer
Offspring Inc Sdn. Bhd.

Rizalzin Hashim Bin Mohammed
Chief Financial Officer

Board Of Directors Profiles

Tan Sri Abdul Halim Bin Ali

Senior Independent Non-Executive Chairman
Malaysian, 78 years of age, Male

Tan Sri Abdul Halim Bin Ali was appointed to the Board as the Senior Independent Non-Executive Chairman on 25 July 2014. He is also the chairman of the Nomination Committee and the ESOS Committee, and a member of the Remuneration Committee and the Audit & Risk Management Committee.

In 1966, he graduated from University of Malaya, with a Bachelor of Arts (Honours) in History, and to-date, has almost fifty-four (54) years of working experience.

Upon graduation, he joined the Ministry of Foreign Affairs in 1966, where he held several appointments at home as well as at Malaysian Diplomatic Missions overseas.

From 1982 to 1985, he was the Malaysian Ambassador to Vietnam followed by his appointment as Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs from 1985 to 1988. He then served as the Malaysian Ambassador to Austria from 1988 to 1991 and as Deputy Secretary General I (Political Affairs) from 1991 until his promotion in 1996 to Secretary General of the Ministry.

In September 1996, he was appointed as the Chief Secretary to the Government of Malaysia until his retirement in 2001. After his retirement, he was appointed as the Chairman of the Employees Provident Fund until January 2007.



He was the former Chairman of the Malaysia Building Society Berhad, MBSB Bank Berhad and Universiti Teknologi Malaysia.

Tan Sri Abdul Halim does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Tan Sri Abdul Halim attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

Datuk Noor Azrin Bin Mohd Noor

Managing Director

Malaysian, 52 years of age, Male

Datuk Noor Azrin Bin Mohd Noor was appointed to the Board as the Managing Director on 25 July 2014.

In 1994, he graduated with a Bachelor of Law (Honours) from University of Wolverhampton, United Kingdom. He is the founder of the Group and has more than twenty-eight (28) years of working experience, with twenty-two (22) years in media and telecommunication industry and the remainder in legal and corporate banking.

Datuk Noor Azrin began his career upon obtaining his law degree as a legal executive, following which he joined D&C Bank as Corporate Banking Officer in 1993.

In 1995, he joined MEASAT, now known as Astro, as the Head of Entertainment and Sports, pioneering acclaimed shows namely "Roda Impian", MTV Music Television Lip Service, Who Wants to be a Millionaire, as well as, illustrious sports entertainment, the English Premier League, Italian Serie A, FIFA World Cup and the UEFA Champions League among others, earning him the nickname "Father of Football".

In 2004, armed with the experiences gained in intellectual property and media where he is an undisputed expert, Datuk Noor Azrin established IDOTTV Sdn. Bhd. ("IDOTTV") (which is currently known as Sedania Technologies Sdn. Bhd.), a wholly-owned subsidiary of Sedania Innovator Berhad, through which he spearheads the



development and implementation of next-generation products and services.

In 2015, Datuk Noor Azrin was appointed as an Advisor Commissioner of the Malaysian Communications and Multimedia Council ("MCMC"), where he played a key role in forming national policies to champion the interests of mobile users, and actively engaged with telecommunications players to push the telecommunications sector forward.

Datuk Noor Azrin's outstanding achievements have earned him numerous accolades from notable industry captains. His accomplishments have been recognised through the bestowment of various awards, including Top Nominee in the Master Category by Ernst & Young Entrepreneur of the Year 2011, Winner of the Technology Sector by Global Leadership Awards 2012, Winner of the Best Brands in ICT-Content & Media by

The BrandLaureate SME Best Brands Awards 2012, Winner of the Outstanding Entrepreneur Category by Asia Pacific Entrepreneurship Awards ("AREA") 2014, Masterclass Excellence Award for Bumiputera Entrepreneur of the Year by Utusan Business Awards 2015, and Most Promising Entrepreneur of the Year by Global Leadership Awards 2016.

In 2020, the Government formed another body called National Digital Economy and 4IR chaired by the Prime Minister of Malaysia, Tan Sri Dato' Haji Muhyiddin Bin Haji Mohd Yassin. Datuk Azrin's success in leading Sedania to become one of the fast growing home grown technological company was being recognised, and he was appointed as one of the council members to represent the private sector. The council was formed by the Government to oversee the development of the digital economy in Malaysia, among which act as the highest administrative body in setting up comprehensive and effective policies and monitoring the nation's strategies and initiatives for the digital economy and 4IR. As one of the elected council members, Datuk Noor Azrin is expected to share his vast experiences and knowledge and help our nation accelerate and transform the digital economy landscape in Malaysia.

In the same year, Datuk Noor Azrin was appointed as one of the council members of Majlis Kemakmuran Bumiputera ("MKB"). MKB was set-up to steer and speed-up the economic empowerment of the Bumiputras. As one of the leading figures in the Bumiputera community behind Malaysia's growing economy, Datuk Noor Azrin's contribution is seen as vital in helping the Government to improve the socio-economic development of the Bumiputras in the country.

His vast experience, coupled with his desire to inspire and shape the mindsets of the current and next generations, he has published five (5) books, the first of them MPH's number 1 bestseller, "Non-Conforming", the second published and co-authored in 2015 with his father, Yg. Arif Dato' Mohd Noor, "Unplugged, #WillYouStillBeAMalaysianIn10Years?", and the third "Stories For Our Children", the fourth "Stories of Trials, Tribulations and Hope", and the fifth "Stories of Life: It All Starts With The Heart". Datuk Noor Azrin was also a regular contributor in The Edge weekly publication.

At the same time, Datuk Noor Azrin believes in giving back to the community and enhancing the wellbeing of the needy. To this end, he founded Yayasan Rosni Noor, a charitable organisation that undertakes various initiatives toward alleviating the needs of the underprivileged.

Datuk Noor Azrin does not hold any directorship in any other public corporation. Datuk Noor Azrin is the brother of Datuk Noor Syafiroz, the Executive Director of the Group.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Datuk Noor Azrin attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

Datuk Noor Syafiroz Bin Mohd Noor

Executive Director

Malaysian, 45 years of age, Male

Datuk Noor Syafiroz Bin Mohd Noor was appointed to the Board as the Executive Director on 25 July 2014.

In 1998, he graduated from La Trobe University, Australia with a Bachelor of Commerce. He has over five (5) years of audit and over eighteen (18) years in business and business management experience.

He started his career with Messrs. Ernst and Young in 1998 as an auditor. Subsequently in 2002, he left and joined Silacom Sdn. Bhd. as General Manager. In 2005, he joined Sedania Corporation Sdn. Bhd. ("SCSB") as the General Manager for the business management group, where he was involved in acquiring content rights for Internet Protocol television platforms. He was subsequently promoted to Director of Operations in 2006. He has held various positions within the SCSB group serving as Executive Director of IDOTTV from 2004 onwards and CEO of IDOTTV from 2008 to 2010. Between 2011 and 2012, he was also appointed as the CEO of Sedania As Salam Capital Sdn. Bhd.

Datuk Noor Syafiroz does not hold any directorship in any other public corporation. Datuk Noor Syafiroz is the brother of Datuk Noor Azrin, the Managing Director of the Group.



Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Datuk Noor Syafiroz attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

Datuk Syed Izuan Bin Syed Kamarulbahrin

Independent Non-Executive Director

Malaysian, 52 years of age, Male

Datuk Syed Izuan Bin Syed Kamarulbahrin was appointed to the Board as an Independent Non-Executive Director on 21 January 2015. He is the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee, the Nomination Committee and the ESOS Committee.

A graduate from Emile Woolf College of Accountancy, London, he is a Fellow Member of the Association of Chartered Certified Accountants UK, a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He started his career with Price Waterhouse in 1993, carrying out statutory audits on private and public limited companies. Currently, he is attached to The Weststar Group, which is primarily involved in the automotive, aviation, construction & property, defense and engineering sectors, as the Financial Adviser to the Group's Executive Chairman. In all, he has more than twenty-eight (28) years of experience in corporate financing, accounting and advisory.

Datuk Syed Izuan does not hold any directorship in any other public corporation.



Datuk Syed Izuan does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Datuk Syed Izuan attended six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

Yoong Weng Hong **Peter Andrew**

Independent Non-Executive Director
Singaporean, 54 years of age, Male

Peter was appointed to the Board as an Independent Non-Executive Director on 13 December 2021.

He is an entrepreneur with over nineteen (19) years of experience in the digital start up scene. He started his digital entrepreneurship journey in 1996 in Australia with World Trade Online.

He co-founded his first company in Australia when he was at the age of twenty (28) years old and he has since founded and invested in a number of technology startups across Asia. Among the startups he co-founded are Better, CtrlShift and Pulsifi. Peter has also been a tech investor. He is very involved in the digital industry with vast experience in building successful ventures and exclusive partnerships with the largest internet companies in the world that include Yahoo, MSN, Facebook, LinkedIn, Spotify, Turner, Disney, Fox and BBC Online. He is also a member of YPO, EO and H2 as well as a mentor with Techstars Global, 500 Startups (Silicon Valley) and Founder's Institute.

Peter does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company.



He has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Peter attended one (1) out of six (6) Board Meetings of the Company held during the financial year ended 31 December 2021 as he was only appointed towards the end of the financial year.

Norliza Binti Kamaruddin

Independent Non-Executive Director
Malaysian, 57 years of age, Female

Norliza Binti Kamaruddin was appointed to the Board as an Independent Non-Executive Director on 16 May 2019. Norliza is the Chairperson of the Remuneration Committee, a member of the Audit and Risk Management Committee, Nomination Committee and ESOS Committee.

Norliza graduated from University Teknologi MARA with a Bachelor of Arts and Design and continued to obtain her Professional Certificate in Corporate Public Affairs (CPA) from The Center of Corporate Public Affairs, Melbourne Business School, Australia.

Norliza is the only Malaysian to be recognised in the world's three most prestigious PR and marketing awards. She has been recognised as one of Malaysia's leading communication strategists with a deep understanding of the geopolitical landscape and a track record in developing sophisticated reputation campaigns for major organizations. Norliza is known as a 'turnaround' communications expert, constructing 'out-of-the box' solutions and achieving effective strategies/action plans that proactively address business and communications challenges.

Norliza is currently the Managing Director in the Strategic Communications practice of FTI Consulting Inc., a global business consultancy firm listed on the NYSE. She was formerly the Global Head of Strategic Communications for PetroliaM Nasional Berhad (PETRONAS) of which she was responsible for the company's overall communications strategy, corporate branding and reputation management in more than 30 countries. Prior to that, she was also the Country Head of Corporate Affairs at Standard Chartered Bank Malaysia.

Norliza received the honor of being the first Adjunct Professor for the Faculty of Applied Communications, Multimedia University ("MMU").



She has been MMU's Industry Adviser since 2016. She has also sat on the Board of Trustee for the Standard Chartered Foundation since 2010.

Currently Norliza is an Independent Non-Executive Director in Kumpulan Perangsang Selangor Berhad since 2019 and in British American Tobacco Berhad since 2021.

Norliza does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has no conviction of any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Norliza attended six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

Key Management Profiles

Daniel Bernd Ruppert

Chief Executive Officer

German, 46 years of age, Male

Date Of Appointment: 9 January 2018

Years Of Experience: 21 Years

Field: Banking, Retail



Business Ventures:

Presto Group (2015)

Academic / Professional Qualification(s):

- Bachelor in Computer Science from James Madison University, VA, USA (1995)
- Master in Business Administration from the European Business School ("EBS") (1999)

Career:

- Investment Banking Analyst, Jefferies Investment Banking, London
- Investment Banking Associate, Westlb Panmure Ltd., London
- Managing Director in A.D. ARIF Solutions Sdn. Bhd., Malaysia
- Managing Director in Presto Group of Companies, Malaysia

Achievements / Awards:

- Founded and scaled technology businesses into various markets
- Developed and implemented purpose-built digital platforms for notable events in Malaysia
- Expanded www.presto.my to second largest online retail platform in Malaysia
- Established and grew Presto Group to annual turnover of RM30 million

Rizalzin Hashim Bin Mohammed

Chief Financial Officer

Malaysian, 45 years of age, Male

Date Of Appointment: 1 January 2007

Years Of Experience: 23 Years

Field: Hospitality & Services, Plantation & Manufacturing, Media, Engineering & Telecommunications Services



Academic / Professional Qualification(s):

- Bachelor of Business, majoring in Accounting from University of Technology Sydney, Australia (1998)
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow Member of Certified Practising Accountant, Australia (CPA Australia)

Career:

- Accounts Executive, Perhentian Island Resort, Terengganu (1998)
- Assistant Manager of Finance and Administration, Inch Kenneth Kajang Rubber PLC (2000)
- Group Accountant, Sedania Corporation Sdn. Bhd. (2005)

Achievements / Awards:

- Awarded Best CFO for Investor Relations in a Micro-Cap Company by the Malaysian Investor Relations Association in 2017.
- Advanced to the honour of Fellow of CPA Australia (FCPA) in 2020.

Razam Bin Mohd Rashid

Chief Technology Officer

Malaysian, 52 years of age, Male

Date Of Appointment: 17 August 2017

Years Of Experience: 29 Years

Field: Technology, especially Mobile Solutions & Value-added Services



Business Ventures:

Iridea (M) Sdn. Bhd. (1999)

Academic / Professional Qualification(s):

Bachelor of Science in Engineering from the University of Evansville, Indiana, USA (1992)

Career:

- Robotics Engineer, Motorola USA (1992)
- Head of Operation - ISP and Value Added Services, Celcom (2000)
- Vice President, Technology / CTO of AtlasONE Malaysia Sdn. Bhd. (2001)
- Chief Executive Officer, Iridea Sdn. Bhd. (2004)
- Member of the Board of Directors / Investor / Asia Pacific Business Development Director, PRYTE Oy

Achievements / Awards:

- Bullseye Award, Motorola (1992)
- Bronze Medal, National Productivity Centre, Malaysia (1992)
- Developer Challenge Winner, Celcom (2008)
- Winner of Creative VAS Solution, Indosat (2010)
- Successful exit from PRYTE Oy (acquired by Facebook in 2014)
- Winner at The League of Extraordinary Developer's Challenge and Best Social Network Services, Celcom (2015)

Khairul Nisa Binti Ismail

Chief Executive Officer,
SEDANIA As Salam Capital Sdn. Bhd.
Malaysian, 47 years of age, Female

Date Of Appointment: 16 April 2019

Years Of Experience: 25 Years

Field: Integrated Brand & Digital Marketing in IT, Telco, Banking and Market Research, Aviation/ Airlines Experience in Loyalty & Customer Engagement, Ancillary Business Development & Marketing, Executive Leadership Role in Fintech Industry.



Academic / Professional Qualification(s):

Bachelor of Law (LLB), Oxford Brookes University, UK (1997)

Career:

- Associate, Lester Technology Group (1997)
- Regional Marketing Executive, South Asia, DataOne Asia (M) Sdn. Bhd. (2000)
- Regional Manager, Asia Pacific, Kantar Malaysia Sdn. Bhd. (Part of Kantar TNS Global) (2003)
- Senior Manager, Retail Development, Commercial, DiGi Telecommunications Sdn. Bhd. (2008)
- Senior Manager, Branch Remodelling & Transformation, Hong Leong Bank Berhad (2009)
- Head of Communications, Head of Marketing, Ancillary Products, AirAsia Group Berhad (2010)
- Head of Loyalty & Enrich, Malaysia Airlines (2013)
- Project Head Aireward Loyalty Program, Air Arabia PJSC, Dubai (2017)
- Marketing Head (Malaysia) & Regional Partnerships, BankBazaar Malaysia (2018)

Achievements / Awards:

- Bronze Medal for Best Regional Partnership Program for Asia Pacific Loyalty and Engagement (2015)
- Runner Up for the Loyalty Campaign of the Year in World Airline Loyalty Conference, San Diego (2015)
- Silver Medal for Excellence in Loyalty Marketing with Tourism Australia for Malaysia Marketing Effectiveness Awards (2016)
- Gold for Regional Partnership Program (Co- Brand Card) for Asia Pacific Loyalty and Engagement (2017/2018)
- Launched GoHalal Financing Program that enables micro financing services in Shariah way
- Partnered with leading tech partners to complement the Islamic Digital Banking ecosystem

Mohamed Roslan Ismail

Chief Executive Officer, Offspring Inc Sdn. Bhd.
Malaysian, 61 years of age, Male

Date Of Appointment: 2 January 2020

Years Of Experience: 37 Years

Field: Supply Chain & Sales Management Retail



Academic / Professional Qualification(s):

- Master in Business Administration from Western Illinois University, USA (1986)
- Bachelor in Physical Distribution and Transportation Management from Western Illinois University, USA (1984)
- Program for Executive Development at International Institute for Management Development, Lausanne, Switzerland

Career:

- Chief Marketing Officer in PR1MA Corporation
- Managing Director, KAT Technologies Sdn. Bhd.
- Head of Sales for Southern Region, Nestlé Malaysia Berhad
- Group Distribution and Customer Service Manager, Nestlé Malaysia Berhad
- Supply Chain Operations Manager, Nestlé Malaysia Berhad

Achievements / Awards:

- Specialist in driving corporate transformation and business turnarounds; successfully turnaround three (3) companies in the last 5 years.
- Established and spearheaded the Sales and Marketing division for the "National Housing Affordable Programme" in Malaysia.
- Managed one of the largest telco distributors in Malaysia and grew the sales revenue to over RM800 million annually.
- Process owner of supply chain initiatives and responsible for the total supply chain operations (from warehousing to distribution) for one of the largest FMCG multinational corporations in Malaysia and worldwide.

All Key Management Personnel do not hold any directorship in any public corporation.

All Key Management Personnel have no family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company.

All Key Management Personnel have no conviction of any offences within the past five (5) years

Sustainability Statement

Introduction

Sedania Innovator Berhad (“**Sedania**”) believes in the power of technology to positively transform the world via the implementation of digital innovations that will empower economic strength, mitigate environmental impacts and drive social revolutions.

Sedania’s value creation strategy centres on “Innovations that Empower Lives Sustainably”, which is carried out through businesses that consistently yield maximum values to the community we serve and environment we live in, while also meeting the ever-shifting needs and behaviours of users.

Investments into research and development (“**R&D**”) and talent development allow us to progressively innovate and integrate ICT solutions for Sedania’s end consumers in the governmental, commercial and financial sectors to support a thriving marketplace.

Our ongoing sustainability journey has primarily driven the planning and application of relevant policies, processes and solutions that cement positive sustainability in all of our operations, while also encouraging our clients to similarly follow in our steps. This is why we continue to expand our sustainability reporting scope with increased disclosures for the current reporting year to further integrate sustainability into Sedania’s culture, people and operations to deliver long-term stakeholder value.



Chairman's Sustainability Message

As Sedania's Chairman, I am honoured to present to you the sustainability developments, plans and strategies that the Group has implemented in its sustainability journey in the financial year ended 31 December 2021 ("FY2021").

The world began its gradual recovery from the Coronavirus disease ("COVID-19") pandemic in FY2021 due to increased rates of vaccinations and the easing up of nation-wide lockdowns and travel restrictions. However, FY2021 no doubt remained a difficult year as Sedania, as with other businesses, continues to deal with various pandemic-related challenges and complexities in its pursuit to realising its financial and non-financial business goals for the year.

Given sustainability's growing importance worldwide and in Malaysia, Sedania remains more committed than ever towards bolstering non-financial value creation. The pandemic has shown us that responsible management of Economic, Environment, Social and Governance ("EESG") issues is needed to fundamentally drive a business' operational sustainability, given that sustainability is the most vital aspect in sustaining long-term, continual value that benefits all stakeholders.

While Sedania's ongoing sustainability agenda has been solid for the last few years, the Group understands the need and opportunity to further enhance its sustainability agenda by implementing a more complete EESG approach into its operations.



In FY2021, we made further progress in sustainability compared to FY2020 with the establishment of a sustainability policy, the initiation of our first formal materiality assessment exercise and the strengthening of data collection processes with the use of organised data templates.

Notably, Sedania has taken a pivotal stance in addressing climate change and emissions as a material topic under its sustainability agenda. We believe we need to play our part to stop the worsening greenhouse gas ("GHG") emissions which is contributing to global warming and climate change, or future generations will inherit an unlivable planet.

No country is spared from the consequences of climate change. Malaysia alone is already experiencing the effects of climate change with one of its worst floods ever experienced in December 2021. We are seeing reduced crop yields, evolving diseases, biodiversity loss, erosion of shorelines and coral reef bleaching in our country, among others.

Consequently, Malaysia has been listed by Swiss Re as one of the nations that would see a drop of 20% in terms of economic growth by the year

2050 even if the increase in global temperature is held at 2°C. Therefore, it is more important than ever to step up our efforts in ensuring that the environment does not deteriorate further.

At Sedania, we believe in creating business opportunities to aggressively drive the sustainability agenda forward. We have a simple common goal in pursuit of this initiative: *"To Reduce Carbon Emissions by Enabling Others"*. Others in this sense include corporations and consumers alike, and even our employees, because by doing this, we are able to reduce carbon emissions whilst growing our businesses sustainably.

To achieve this goal, we strive to provide the right solutions to our customers, and focus on growing our employees and helping them realise their full potential in a sustainable manner. It is also important for us to align our sustainability goals with our staff's own personal values because this would contribute to a collaborative and highly-motivated business entity.

We are also pursuing investments in innovative businesses and projects which have set their goal to help stop climate change by reducing GHG emissions, in particular, carbon dioxide ("CO₂"), with these investments managed by our dedicated teams.

Additionally, robust digitalisation in a significant portion of the Group's operations, businesses, communications and interactions has also contributed to Sedania's stronger positioning towards environmental security.

The Group also continues to invest in its talent, growing by ensuring it promotes an inclusive, fair and high-quality work culture in order to

maintain a steady business and operational performance. Sedania also continues to be attuned to the community via its strategic corporate social responsibility initiatives that assist underprivileged groups affected by the pandemic and recent floods.

Sedania's sustainability strategy is also driven by the adoption of carefully-selected United Nations Sustainable Development Goals ("SDGs"), which have further enhanced the framework and identification of the Group's formal assessment of its material EESG topics in FY2021.

Going forward, Sedania aims to set in place more robust sustainability plans and targets to be achieved in the coming years and beyond. We hope to execute on this ambition in the near future by using the solid foundation of our ongoing sustainability progress and achievements.

Sedania will maintain a strong focus and commitment in driving EESG within the Group in order to achieve short, medium and long-term value creation to chart a brighter horizon for everyone's future.

Tan Sri Abdul Halim Bin Ali

Senior Independent Non-Executive Chairman

About this Report

This is the fourth annual Sustainability Statement of the Group, and we continue to endeavour in improving our sustainability indicators with each iteration. Sedania's Sustainability Statement 2021 ("SS2021") will discuss how sustainability is governed at Sedania, how we engage with our key stakeholders, as well as the management of material matters of our sustainability.

Statement Of Use

Sedania's Board of Directors ("Board") is its highest decision-making body and has acknowledged the following statement of use: The information reported by Sedania for the FY2021 is prepared in reference to the Global Reporting Initiative Sustainability Reporting Standards ("GRI").

Reporting Scope, Period & Material Boundary

The scope of the SS2021 includes the business operations and activities of the Group and all major subsidiaries within the Group in the areas of Sustainable Energy, Sustainable Healthcare, Financial Technology ("FinTech") and Telco Technology ("TelcoTech") for the FY2021, unless otherwise stated. We have strived to provide historical data for comparison where possible to make our disclosures more meaningful for our stakeholders.

Disclosures on activities that are outsourced and impacts involving joint venture operations, third party vendors and our value chain partners are excluded from this report, unless otherwise stated. However, we are aware of certain significant EESG impacts that may hail from our extended value chain. Thus, Sedania

remains committed towards better embedding sustainability policies, practices and culture to its third-party business partners, suppliers, vendors and contractors. The Group hopes to report on the EESG highlights of our value chain partners in future sustainability statements.

Sedania's sustainability reporting boundaries are governed by the prioritisation of its identified materiality topics and the GRI's Reporting Principles for defining report content and quality.

Frameworks And Guidelines Referenced

The SS2021 was prepared according to the following frameworks and guidelines:

- Global Reporting Initiative Sustainability Reporting Standards
- United Nation Sustainable Development Goals
- Bursa Malaysia FTSE4Good Index Disclosures
- Bursa Malaysia's Sustainability Reporting Guide (Second Edition)

Report Quality & Data Assurance

The Group abides by the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness in its sustainability reporting. The report's data has been internally sourced and verified by the respective business units or information owners. Sedania will continue to strengthen its data collection and analysis procedures to enhance the quality and accuracy of its data going forward.

The report's content is based significantly on our stakeholders' views and assessment of material topics and risk factors, as well as emerging trends and opportunities within the Group's industry environment.

Sedania did not seek third-party assurance for non-financial data for the SS2021, save for the anti-corruption data disclosed under the Governance section of this report. The Group aims to obtain external assurance for additional non-financial and sustainability information in future reporting cycles. Internal audit functions are outsourced to an independent professional consulting firm, Talent League Sdn. Bhd., while our external auditor is BDO PLT.

Limitations

Sedania understands that data-gathering challenges remain for some indicators. Therefore, we are continually working towards applying more robust data tracking and gathering mechanisms to improve our reporting in the future.

Forward-Looking Statements

The SS2021 contains forward-looking statements such as targets, plans and prospects that are reasonably formulated based on expected future performance, current operating conditions and available data at present, all of which may change based on unforeseen circumstances beyond the Group's control. We therefore advise readers to not place undue reliance on forward-looking statements as our business is always subject to risks and uncertainties, with actual results possibly differing.

Availability

The SS2021 is prepared as part of Sedania's Annual Report 2021 ("AR2021"), which can be downloaded from the Group's website at <https://www.sedaniainnovator.com/>.

Feedback

To continue our engagement with stakeholders, we welcome feedback and concerns which can be relayed to:

Rizalzin Mohammed
Chief Financial Officer
Tel: 03 7880 2001
Email: rizalzin@sedaniainnovator.com

FY2021 Sustainability Highlights

As the world continues grappling with the global COVID-19 pandemic on an economic and social level in FY2021, sustainability has remained an important priority for many businesses whose resilience were tested. The operating environment of businesses also encountered negative effects as supply chains, communities and the environment were all also affected in their own way by the pandemic.

Sedania faced these hurdles as well, which drove us to pivot our focus towards ensuring business continuity amidst the tumultuous working conditions and restricted movement protocols caused by the government’s Movement Control Orders (“MCO”). However, in FY2021, conditions began to improve in the country as vaccination rates increased in the second half of the year. This saw the MCO rescinded and various other restrictive Standard Operating Procedures (“SOPs”) lessened, especially those pertaining to social interactions and travelling.

While the unpredictable operating conditions had somewhat hindered Sedania’s focus on enhancing our innovation capabilities, caring for the environment and community empowerment during the early half of FY2021, the improving conditions towards the end of year saw Sedania commenced efforts aimed at bolstering our sustainability agenda while maintaining the best interests of our employees, customers, partners, suppliers and other stakeholders. The Group’s key efforts towards sustainability in FY2021 includes:

Sustainability Commitments in FY2021	Response and Achievements
Enact company-wide policies and frameworks that can guide and inform internal and external stakeholders on Sedania’s sustainability agenda	Created and implemented our official Sustainability Policy which outlines our sustainability principles, procedures and obligations into the Group’s larger sustainability framework. The Sustainability Policy can be viewed at https://www.sedaniainnovator.com/sustainability
Reassess, categorise and expand our list of material sustainability topics	Initiated our first formal materiality assessment exercise with an external consultant that included mapping out a materiality matrix of our material EESG topics.
Upgrading the systems of collecting and tabulating our sustainability data for reporting purposes	Fortified our sustainability data collection processes with use of data templates to organise our information.

Sustainability Commitments in FY2021	Response and Achievements
Address climate change and its impacts	Made the reduction of GHG emissions the Group's purpose statement, which is further bolstered by its linkage to the adopted SDG13 on climate action.
Adherence to legislation and regulations	Continued compliance with all regulatory requirements and established COVID-19 SOPs in alignment with the Ministry of Health's ("MoH") guidelines as per FY2020.
Expanding solutions that minimise the need for on-site presence through our TelcoTech and FinTech solutions	Maintained an increased take-up rate of these solutions and helped to reduce site-presence related environmental impacts.
Reduce paper and energy consumption from our printing activities	Continued to encouraged employees to adopt and implement a "think before you print" mindset.
Enhancing integrity and promoting fair and equitable marketplace practices	Implemented Sedania Group's Anti-Bribery and Corruption Policy via policy awareness training for the Board of Directors, key management team, business development team and selected operational personnel.

United Nations Sustainable Development Goals

Sedania continues to commit to its adopted United Nations Sustainable Development Goals (“SDGs”) since FY2019 in contributing to the global betterment of the economy, environment and society. We continue to focus on contributions and achievements in the following SDGs amidst the pandemic’s persistence in FY2021:

Adopted UNSDGs




Promote sustained, inclusive and sustainable economic growth, while providing full and productive employment and decent work

Sedania continues to deliver financial and non-financial values for its stakeholders through revenue, earnings, shareholder dividends and more. The Group encourages diversity and ensures the Group’s workforce has a suitable blend of skills, competencies, experience, gender, and age. We believe that our dedication to creating a safe, sustainable and enjoyable workplace will continue to nurture and uplift our talents in a supportive culture. We offer rewards to all eligible employees, which includes benefits such as health and welfare, various types of leaves, and service awards. We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development to empower talented individuals to succeed.

FY2021 Efforts:

- We bolstered good corporate governance by expanding our roster of corporate policies to include a Sustainability Policy that aligns the Group towards a stronger and sustainable EESG agenda in its business and operations.
- The first formal materiality assessment exercise with an external consultant was carried out with an external consultant to map out a materiality matrix of our material EESG topics and better pivot the Group’s business direction and operational feasibility with a stronger and clearer EESG foundation.
- We continued to maintain Work-From-Home (“WFH”) protocols for our employees as an alternative temporary arrangement given the social-distancing nature of the pandemic. This also entailed daily team video calls, interactions over chats and email as well as frequent updates from HR and senior management have helped mitigate any feeling of isolation.

Adopted UNSDGs

	<ul style="list-style-type: none"> We also provided guidance on appropriate personal health, hygiene and safety practices while mandating social distancing on our premises.
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Sedania’s technological products and services help to build and manage connected cities and communities, contributing to an inclusive, safe and sustainable urban spaces. As a responsible corporate entity, we strive also to be a social asset to our communities in which we operate. Our engagement in community-related programmes is driven by our pledge to share what we have achieved and give back to society.</p> <p><u>FY2021 Efforts:</u></p> <ul style="list-style-type: none"> Our recently-established Sustainability Policy includes guidelines on employee volunteerism and community development to further encourage community-related initiatives at Sedania. This is further bolstered by the lessening of movement restrictions which has allowed us to gradually recommence our community programmes. We continue to ensure the full operational efficiency of our Sustainable Energy, Sustainable Healthcare, FinTech and TelcoTech products and services offering to maintain the social connection of communities and businesses in a physically-distanced world, and remain sustainable towards the environment and the community.
 <p>Take urgent action to combat climate change and its impacts</p>	<p>We take mother nature seriously and have pledged to conduct our business in an ethically and environmentally responsible manner. We focus on the reduction of energy consumption and paper consumption while reusing them where possible. We have also ventured in the areas of environmentally-responsible products where we aim to minimise the environmental impact of our carbon footprints, and help our clients invest for the future through our Sustainable Energy business.</p>

Adopted UNSDGs

FY2021 Efforts:

- We also made the reduction of GHG emissions as the Group’s purpose statement as we aim to minimise GHG emissions in tandem with strategic partnerships and collaborations with valuable internal and external stakeholders, given our role as a Sustainable Energy Service Company and provider of Sustainable Healthcare.
- To protect our environment and conserve natural resources, we continue to prioritise our Sustainable Energy through products or services that improve corporate operational performance while reducing costs, energy consumption, waste or negative effects on the environment.
- We have reduced 10 Malaysian data exchanges’ energy consumption by 25%. As of FY2021, our cumulative Sustainable Energy performance is as follows:

Installed Sustainable Energy Base	385 Buildings
Total GWh of Base	56 GWh per year
Total Energy Saved	76 GWh
2021 Annual Energy Saved	14.5 GWh
2021 Average Energy Saving Rate	19%
CO2 Reduction to Date	10,000 tonnes
Equivalent to Trees Planted	170,000 trees

* Number of urban tree seedlings grown for 10 years.

Source:
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references#seedlings>

Stakeholder Identification And Engagement

The formulation of our sustainability agenda sees Sedania in continuous engagement with our valued stakeholders to understand their evolving needs and expectations, more so during the pandemic period and given the recent materiality assessment conducted in FY2021. Our key stakeholders have been identified based on their ability to impact Sedania’s business activities as well as their interests in our organisation.

The Group usually engages with the stakeholders through meetings, media publications, events, publication of reports and other methods of communication to better streamline the communication process as well as align our interests and vision. Our corporate website is also constantly updated with Sedania’s latest corporate announcements, news items, financial results, press releases, reports and Board developments to ensure our stakeholders can pursue the latest information regarding the Group in a timely and accessible manner.

These two-way stakeholder interactions help us garner a strong understanding of our stakeholders’ interests and concerns, which in turn informs the Board and Management’s decisions on our business and sustainability strategies.

In FY2021, most stakeholder engagement activities remained virtual amid the pandemic, particularly. Any physical stakeholder engagements held are conducted in a safe manner with strict SOP adherence.

We have continued to adhere to the established list of identified principal stakeholders of Sedania and engagement strategy to ensure consistency and streamlining of our stakeholder engagement efforts. Our stakeholder engagement table, as disclosed below, is therefore a restatement from FY2020:

Stakeholders	Engagement Methods	Frequency	Key Concerns / Focus Area	Material Matters
Shareholders & Investors	AGM / EGM	Annually	• Company performance	<ul style="list-style-type: none"> • Corporate governance & ethics • Economic sustainability
	Quarterly & Annual Reports	Quarterly / Annually	• Profitability and growth	
	Periodic announcements	Ad Hoc	• Strategy and future orientation	
	Investor briefing	Ad Hoc	• Corporate governance	
	Electronic communication / email	Ad Hoc	<ul style="list-style-type: none"> • Sustainability • Dividend • Anti-corruption 	

Stakeholders	Engagement Methods	Frequency	Key Concerns / Focus Area	Material Matters
Customers	Electronic communication Project Management Advertisement and marketing promotions Corporate website/ Social Media	Throughout the year Throughout the year Throughout the year Throughout the year	<ul style="list-style-type: none"> Service level agreement Product & service innovations Product / service quality Anti-Corruption Socioeconomic compliance Legal / regulatory compliance 	<ul style="list-style-type: none"> Supply chain Economic sustainability Brand & reputation Product/ service quality
Suppliers / Vendors / Contractors	Order placement Meetings Supplier audit Project management	Monthly Ad Hoc / As needed Throughout the year Ad Hoc/As needed	<ul style="list-style-type: none"> Service level agreement Socioeconomic compliance Legal /regulatory compliance 	<ul style="list-style-type: none"> Supply chain Economic sustainability Brand & reputation Product/ service quality
Employees	Zoom check-in & check out Townhalls Departmental meeting Teambuilding Events: festive celebrations, birthday tea & cakes break Appraisals, performance review/ incentives e.g. ESOS	Daily (during pandemic) Ad Hoc (2-3 times a year) On going Ad Hoc Ad Hoc Yearly	<ul style="list-style-type: none"> Employee remuneration & benefits Career development Training & education Corporate strategy 	<ul style="list-style-type: none"> Economic sustainability Diversity and inclusion Training & development Non-discrimination Employee welfare & satisfaction Working environment

Stakeholders	Engagement Methods	Frequency	Key Concerns / Focus Area	Material Matters
	Electronic communication / email	Throughout the year		
Government / Regulatory Authorities	Statutory contributions Income tax filing Annual return SST reporting Local authorities	Monthly Annually Semi-Annually Bimonthly Ad Hoc	<ul style="list-style-type: none"> • Anti-Corruption • Socioeconomic compliance • Economic performance • Legal / regulatory compliance 	<ul style="list-style-type: none"> • Corporate governance & ethics • Economic sustainability
Media	Media events Press interviews / releases	Ad Hoc / As needed	<ul style="list-style-type: none"> • Company performance • Marketing 	<ul style="list-style-type: none"> • Corporate governance & ethics • Economic sustainability
Local communities	Community engagement CSR Programmes: championing local causes and charities, staff volunteering, environmental initiatives to minimise local pollution	Ad Hoc Ad Hoc	<ul style="list-style-type: none"> • Support in local projects around the Community • Socioeconomic compliance • Economic & social development 	<ul style="list-style-type: none"> • Environmental and social impacts

Materiality

Given the shifting macroeconomic conditions and emerging trends largely caused by the COVID-19 pandemic, Sedania in FY2021 saw fit to reassess its list of material topics to better align with our stakeholders' latest material concerns while also improving Sedania's business sustainability.

The Sedania FY2021 Materiality Assessment was undertaken in tandem with industry best practices and EESG considerations to ensure an accurate identification and prioritisation of the Group's material topics that is in line with our valued stakeholders' concerns.

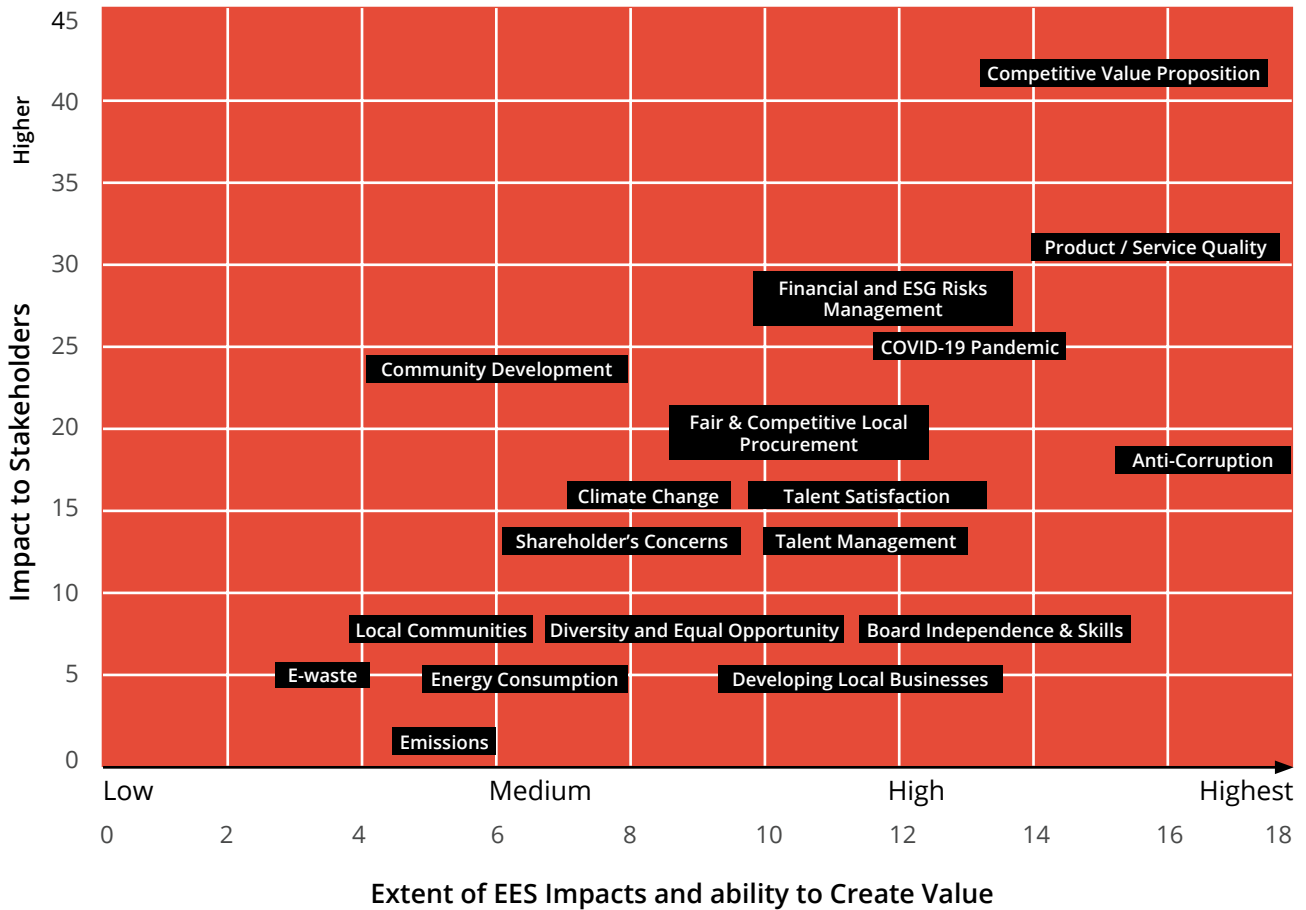
The selection of material topics for inclusion in the survey was based on the following four pillars:



The selection of the EESG topics for assessment were made in reference to the following frameworks and sources of information:



A survey comprising various multiple and open-ended questions was used to elicit responses. Through the FY2021 Materiality Assessment exercise, Sedania successfully updated its list of material sustainability topics and the prioritisation of these topics within a materiality matrix in line with reporting best practices. The updated materiality matrix shows how the material topics align to the topics' impact to stakeholders as well as the extent of the EESG impact to Sedania's ability to create value. Each material topic is elaborated upon in more detail in the pages of this SS2021.



From the materiality matrix, Sedania’s top material topics tend to be economic and governance focused and technologically driven. Climate change has clearly emerged as a mid-high topic, although as a whole, environmental issues rank lower in importance when taking into account e-waste, energy consumption and emissions topics.

As the materiality survey results are based on internal assessments, external validation or feedback would be encouraged for FY2022 or FY2023, as well as third-party input into our materiality assessment.

While we have significantly improved our materiality assessment in FY2021, we understand that materiality in sustainability remains an ongoing journey and we hope to further improve in the future. For instance, we are aware that COVID-19 has distorted the matrix. Sans the pandemic, results would likely be different for the upcoming years. Therefore, a reassessment of the materiality matrix is most likely required in the future.

Governance

Corporate governance plays an important role in ensuring the whole organisation can be managed and directed towards becoming an EESG-driven company. Embodying and practising good corporate governance will ensure integrity, corporate responsibility and accountability are maintained throughout the Group's operations.

The Group has implemented a set of governance frameworks and policies to manage sustainability at Sedania and its subsidiaries:



The above terms of references and policies can be viewed at our Investor Relations portal at <https://www.sedaniainnovator.com/corporate-governance>. Corporate governance policies will be periodically reviewed by the Board and updated in accordance with the needs of the Group and any new regulations it needs to comply with.

Sustainability Governance Structure

Sustainability at Sedania is governed by the Chairman and Board, who have primary oversight and stewardship over the Group's corporate governance, risks, audit, remuneration and the Group's operations as a whole, as well as matters pertaining to our EESG impacts.

The Executive Director ("ED"), Datuk Noor Syafiroz Bin Mohd Noor and the Chief Executive Officer ("CEO"), Daniel Ruppert, oversee its implementation in our business divisions, assisted by members of our Key Management. Together, they enforce Sedania's sustainability strategy from the top management to operations level, and the progress and performance of our sustainability plans are reported back up the command chain to ensure sound decision-making for sustainability.

In FY2021, in line with strengthening sustainability and providing a more comprehensive oversight of the Group's EESG matters, the Group worked to establish a Board Sustainability Committee ("BSC") which was formalised in 2022. BSC would be responsible for developing an effective response towards material EESG matters to sustain and improve the financial and non-financial values created for stakeholders. Moreover, BSC also strategises the progressive immersion of sustainability within the organisational culture, business model, business strategies and business processes including risk management and mitigation.

Stakeholders	Sustainability Roles & Responsibility	
BSC	The Board of Directors, through the BSC, deliberates and determines the Group's strategies and policies with a focus on EESG aspects	
ED and CEO	Oversees the overall strategy implementation and progress	Reviews sustainability related information and presents it to the Board for deliberation
Key Management members	Operationalise the plan in the respective business units and divisions	Collate sustainability related information against measurable indicators
Working Level	Implement the plan in their respective job functions	

The Compliance Officer and the Board Committee have oversight on the performance of corporate governance within the Group and shall make periodic reviews on governance as and when required.

Board Independence And Skills

The Group distinctly separates the positions of the Chairman and the CEO, which promotes accountability and facilitates the coherent division of responsibilities. The full details of our Directors and their positions, skills, experience and more can be found in the Board of Directors section of this AR2021.

The Board has established a formal and transparent process for the appointment and dismissal of directors in the Annual General Meeting ("AGM"). The last AGM Notice filing date was 24 May 2021 and the AGM was held on 24 June 2021, which is a gap of 31 days.

Additionally, details of our Directors' remuneration is transparently included in Sedania's remuneration disclosure, which may include long-term incentives and ESG-linked remuneration performance indicators in the future. Currently, none of the Board members and Executive Management team has ESG-linked performance objectives included in their remuneration package.

The Board has established a formal and transparent process for approving the remuneration of Non-Executive Directors ("NEDs") and the Executive Director / CEO, whereby the Remuneration Committee is responsible for reviewing the remuneration policy and then making pertinent recommendations on this matter to the Board for approval. All members of the Remuneration Committee are fully Independent Non-Executive Directors.

The Remuneration Committee also presents to the Board and relevant EDs and Key Management team the grant of entitlement under any share schemes. The ESOS Committee reviews and recommends to award / grant ESOS to eligible employees.

Shareholders have the voting rights on our Non-Executive's remuneration. The Remuneration Committee shall annually review the remuneration for the Board prior to providing its recommendations to the shareholders for approval at the AGM.

The Group also has in place guidelines for handling conflicts of interest under its Code of Conduct & Business Ethics to efficiently manage the situation, if a conflict of interest related to the Directors were to arise. Notably, the Board has entrusted the Nomination Committee with the responsibility of carrying out the annual Board Effectiveness Evaluation on the Board and its members.

Board Composition

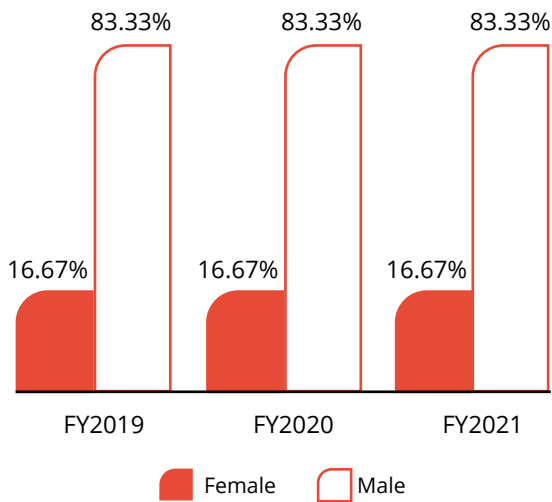
Sedania continually makes an effort to cultivate diverse leadership perspectives to ensure the Board consists of leaders of various professional backgrounds, skills, competencies and ideas that can enrich our decision-making with insights from different, meaningful angles and thought processes.

The Board is of the view that everyone who is qualified shall be given fair and equal consideration, and has appointed one (1) female Board member in 2016 ahead of regulatory requirements in support of gender equality. We are committed to progressively diversify the Board towards attaining 30% women representation on our Board in line with the recommendations set out in the Malaysian Code on Corporate Governance 2021.

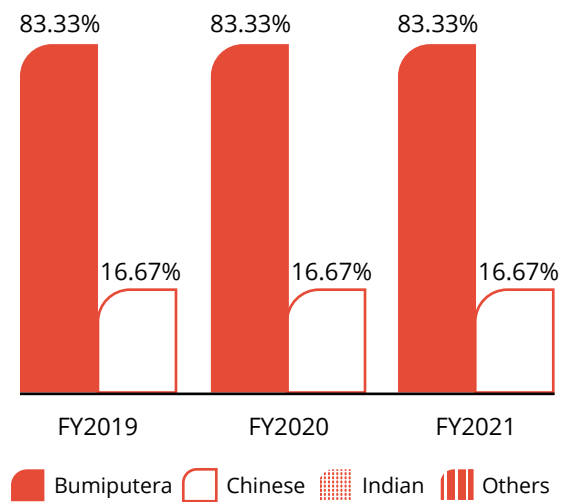
The Board is also committed to ensuring its independence to effectively carry out its oversight functions. Sedania adheres to the best practice in Board independence, with a ratio of four (4) Independent Directors to two (2) Non-Independent Directors, giving Sedania's Board a 66.67% independent majority.

More details can be viewed at our Board Charter at <https://www.sedaniinnovator.com/> and the Corporate Governance Overview Statement of this AR2021. The following graphs showcase the gender, ethnicity and nationality breakdowns of our Board:

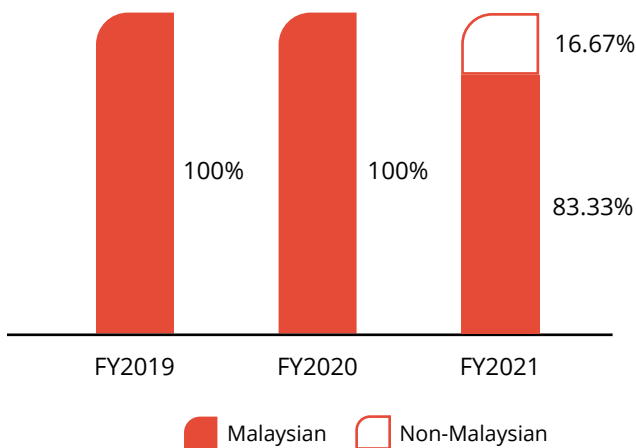
**Board Composition Breakdown
by Gender (%)**



**Board Composition Breakdown
by Ethnicity (%)**



**Board Composition Breakdown
by Nationality (%)**



Financial And EESG Risk Management

The Board has established a robust framework for risk management and internal control at Sedania which are outlined in the reports of the Audit and Risk Management Committee and Statement on Risk Management and Internal Controls in this annual report. Through these Board functions, Sedania makes significant efforts to identify, monitor and address all major risks that have the possibility of affecting the Group's value creation ability, including climate change and other EESG risks, and ensures that our risk register is updated in a timely manner. Our disclosure on risks and mitigation measures are disclosed under "Anticipated or Known Risks" section of the **Management Discussion and Analysis** on page 107 of this Annual Report.

Anti-Bribery And Corruption

Corruption negatively impacts sustainability development, society's wellbeing and inevitably, economic growth. Therefore, one of the primary components of EESG is to eliminate corruption by implementing good practices, governance mechanisms and policies to build a sustainable and transparent business, community and society. The lack of any anti-corruption practices in an organisation will cause the organisation's employees to be less aware of the repercussions of committing fraud, and those actions will inevitably cause the organisation to be negatively impacted through the erosion of trust in our relationship with partners, suppliers and vendors.

Given the consequences, the Group practices a zero-tolerance approach to any form of corruption and bribery within the Group and its third-party partners. The Group has established and implemented the Anti-Bribery and Corruption ("**AB & C**") Policy in FY2020, pursuant to the Malaysian Anti-Corruption Commission ("**MACC**") Act 2009 and the MACC (Amendment) Act 2018. The AB & C Policy consists of procedures, compliance factors, monitoring protocols and reporting frameworks for the Group regarding anti-corruption. It serves to promote better organisational transparency towards creating a better future and fostering sustainable economic growth in line with the aspirations of the SDGs. The AB & C Policy can be viewed at the Investor Relations portal at our website: <https://www.sedaniainnovator.com/>.

The Board has oversight of the anti-corruption efforts in the Group. They are supported by the Group's Heads of Department in ensuring compliance to the Policy. All managers and employees are required to be familiar with, and comply with, the Policy.

Organisational resources set aside to drive Sedania's anti-corruption agenda include designated internal personnel such as the Compliance Officer, and departments such as Legal and Secretarial, Finance and Human Resources ("HR") as well as the Audit and Risk Management Committee.

Since the Policy's adoption, the Board has reviewed and ensured the Policy's effectiveness according to the Guidelines on Adequate Procedures ("**GAP**"), i.e. **T.R.U.S.T** principles, which requires *Top* level commitment, *Risk* assessment, *Undertake* control measures, *Systemic* review, monitoring and

enforcement, and *Training and communication*. All departments of the Group have been appraised according to their respective Risk Assessment and the Board is satisfied with the levels of internal control measures in place to mitigate corruption risks.

In regard to our third-party business partners, due diligence on anti-corruption for those entities has been established following the MACC 2009 Managing Third Party Procedure in addressing corruption, which Sedania fully complies with.

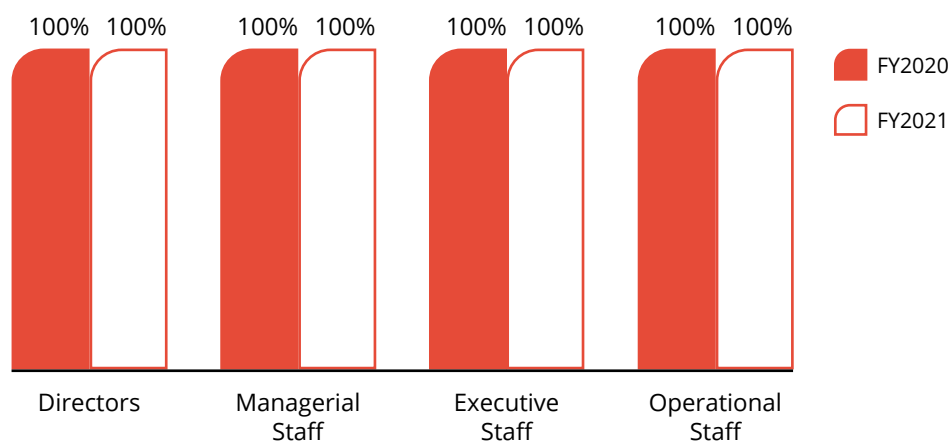
At Sedania, procedures are in place for screening, engaging and managing third-party partners to investigate if there are any direct or indirect conflicts of interest connected to the third-party partner which may increase the possibility of corruption, before we proceed to the decision-making portion of the tender process.

The Group's zero-tolerance stance on corruption and bribery is communicated to all associated third-party partners at the outset of the business relationship with them, and periodically thereafter as when appropriate. A copy of the AB & C Policy is sent to all associated third-party partners.

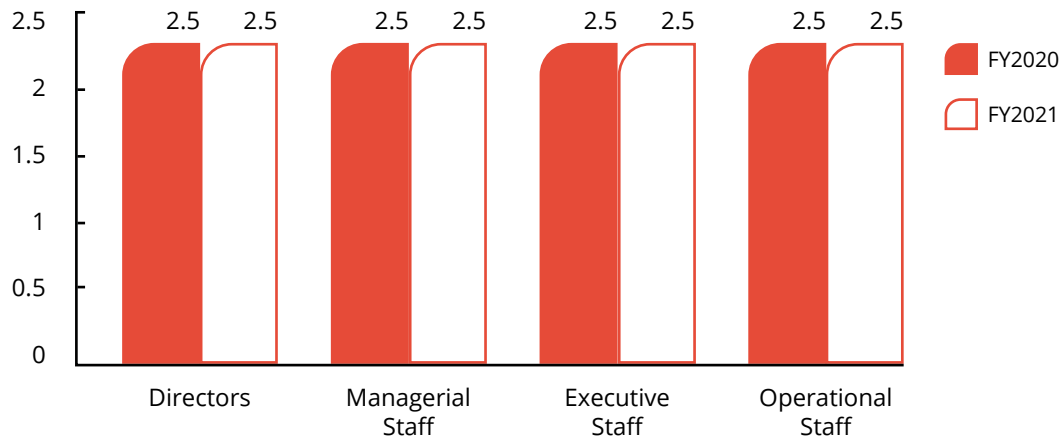
The Group consistently provides regular internal training on the AB & C Policy and on anti-corruption and anti-bribery laws for all new and existing employees. Anti-corruption awareness is also cascaded throughout the Group via staff meetings, internal memo reminders, posters, banners and others.

Sedania conducted AB & C awareness training in FY2021, with participants that included Board members, Key Management personnel, Business Development team members and Finance / HR / Corporate Communication support team members. 100% of Directors, managerial staff, executive staff and operational staff have had anti-corruption policies and procedures communicated to. The total anti-corruption training time in FY2021 was 2.5 hours.

Personnel Who Have Received Anti-Corruption Communication (%)



Anti-Corruption Training Time (Hours)



Progress reports are made on a quarterly basis to Management, the Board or the relevant Board committee. The Board takes full responsibility in this Policy's implementation, including any investigation and initiation of an action related to the Policy.

In line with our anti-corruption commitment, the Group maintains its stance as an apolitical organisation and has not made any monetary contributions to political parties in the year under review. There has been zero incidence of anti-corruption reported in FY2021.

In FY2021, Sedania has not been fined or censured by regulatory authorities for any environmental non-compliance and social non-compliance. However, the Group paid a late filing penalty of RM5,000 in FY2021 to Kementerian Perumahan dan Kerajaan Tempatan ("KPKT") for its Moneylending license under Sedania Technologies Sdn. Bhd. ("STSB").

The anti-corruption data at Sedania disclosed herein is verified by an independent professional consulting firm, Talent League Sdn. Bhd.

Code of Conduct and Business Ethics

Sedania's formalised Code of Conduct and Business Ethics ("**Code**") for Directors and employees serves to promote ethical and professional conduct throughout the Group by guiding and nurturing the high standards of behaviour expected of all employees in the discharge of their duties, and in their dealings with the Group, clients and vendors. The Code's guiding principles are:

1. Firstly, the **core** values and culture represented by Sedania;
2. Secondly, the **duties** of good faith, fidelity, diligence and integrity;
3. Thirdly, the **workplace** culture and environment; and
4. Lastly, **discipline**, disciplinary processes and sanctions.

All employees are provided with the Code and are required to declare their adherence to the provisions of the Code. Sedania's Human Resource Department oversees the compliance of employees towards the Code. Any non-compliance with the Code's provisions shall be reported directly to the Human Resource Department for disciplinary action.

More details can be viewed in the full Code at our Investors Relation webpage at <https://www.sedaniainnovator.com/> and the Corporate Governance Overview Statement of this AR2021.

Whistleblowing Mechanism

Sedania's whistleblowing policy has been established to enable employees and other stakeholders of the Group to report any potential or suspected incidents of fraud, misappropriation of monies, concealment of facts or information with the intention to mislead, abuse of power, embezzlement, violation of laws and regulations including taking or giving kickbacks, bribes and favours, endangerment to health and safety, violation of Group policies, abuse of privileges, criminal offences and blackmailing, amongst others.

Any whistleblowing report will be investigated thoroughly and fairly, provided the report is made in good faith. A whistleblowing report can be made to the designated person outlined in the Whistleblowing Policy through verbal communication or in writing.

For matters relating to financial reporting, unethical or illegal conduct, one can report directly to the following designated person:

- 1. Audit and Risk Management Committee Chairman**
Datuk Syed Izuan Bin Syed Kamarulbahrin
- 2. Senior Independent Non-Executive Chairman**
Tan Sri Abdul Halim Bin Ali

For employment-related concerns, one can report directly to the following designated persons:

- 1. Senior Independent Non-Executive Chairman**
Tan Sri Abdul Halim Bin Ali
- 2. Executive Director**
Datuk Noor Syafiroz Bin Mohd Noor
- 3. Chief Financial Officer**
Rizalzin Hashim Bin Mohammed

The identity of the individual who made the whistleblowing report shall remain confidential. In FY2021, zero whistleblowing reports were received.

More details can be viewed in our full Whistleblowing Policy at our Investors Relation webpage at <https://www.sedaniainnovator.com/> and the Corporate Governance Overview Statement of this AR2021.

Local Supply Chain And Procurement

Sedania ensures that good governance, procurement and business practices are observed across the Group's supply chain. The Group's equal playing field approach to supply chain management promotes a fair and competitive bidding as part of its procurement practice in vendor and supplier selection. Our Code outlines the expected employee behaviour in dealings with third parties such as clients, vendors, suppliers and public officials. Similarly, our vendors and suppliers are also required to accept the Code to qualify for our tender process. Vendors found to have violated the Code may find their services terminated or face legal action.

The Group largely utilises local procurement, which is defined as procurement that is based within Malaysia. Other than the Sustainable Healthcare segment, our basic SOPs are to source from local suppliers and vendors where possible, as long as such procurement is effective and the necessary technologies are in place.

The businesses of STSB and Sedania As Salam Capital Sdn. Bhd. ("**SASC**") are concentrated on delivering solutions in the information technology segment. Their suppliers or vendors are primarily sourced locally, with only a few overseas sources. Offspring Inc Sdn. Bhd. ("**Offspring**"), on the other hand, are more into the e-commerce and retail business that requires the company to maintain the correct inventory of supplies to meet consumer demands. Their main products are contractually manufactured abroad. Beyond that, Offspring's marketing, packaging and logistics vendors are locally sourced.

Working with local suppliers afford us more flexibility and accessibility in our supply chain as local suppliers are more reactive than suppliers who are farther away in international regions. Local suppliers also ensure a faster delivery and reduced supply chain costs as it is easier for a local supplier to coordinate shipment across local states and districts as opposed to worldwide coordination of supply chain services. This also serves to reduce the carbon footprint from our logistics needs. Additionally, Sedania has greater control of its supply chain when it is local, since interactions such as face-to-face visits allow us to address any supply chain concerns promptly and ensure all products meet our standards i.e. quality oversight and service improvements.

Supporting a local supply chain and procurement promotes circular economy in Malaysia, as it contributes to the development of local economies and a positive community (which may include fundraising, volunteering and sponsored activities from local suppliers). These benefits to the local community are created through sustainable business opportunities with local enterprises.

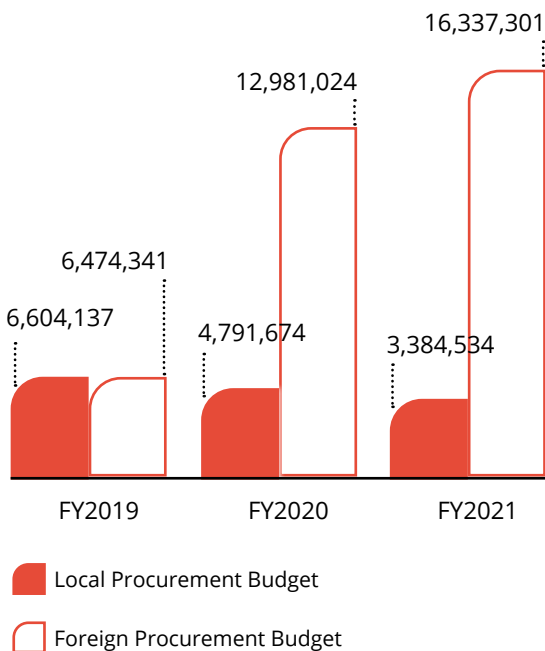
Below are some of the general procurement SOPs that Sedania observes:

- A minimum of 3 quotations is needed to ensure that the company is purchasing goods / services at the lowest possible cost, taking into the account product quality and after-sales support and services.
- The appointment of the vendor must be from an Approved Supplier List.
- Established approval limits:
 - Purchase orders below RM100,000 – to be approved by the CFO
 - Purchase orders of RM100,000 and above – to be verified by the CFO and approved by the ED

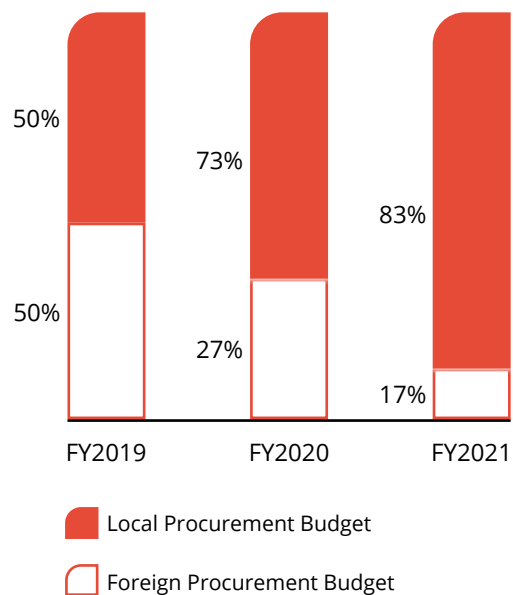
Our overall approach to local procurement and supply chain continues to be a journey. We are continuously working to improve and further develop our supply chain policies and procedures. In doing so, we shall ensure that all legal requirements are considered and corresponding measures are initiated where necessary.

The Warehouse and Finance Department is in charge of local procurement at Offspring, while at our other subsidiaries, the Business Unit Heads and Finance Department are in charge of procurement. The Group’s Corporate Sustainability coordinates the due diligence activities and processes regarding local supply chain and procurement.

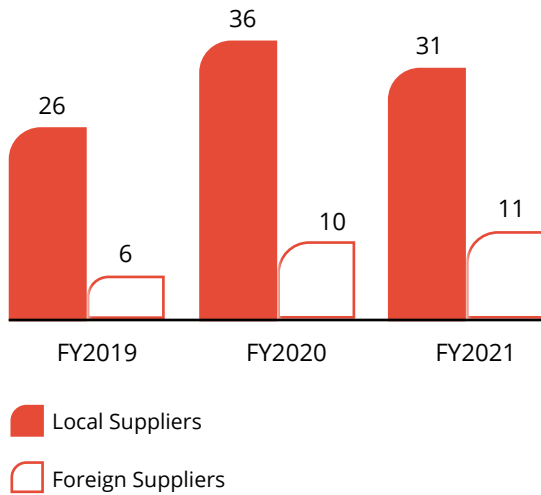
Total Procurement Budget (RM)



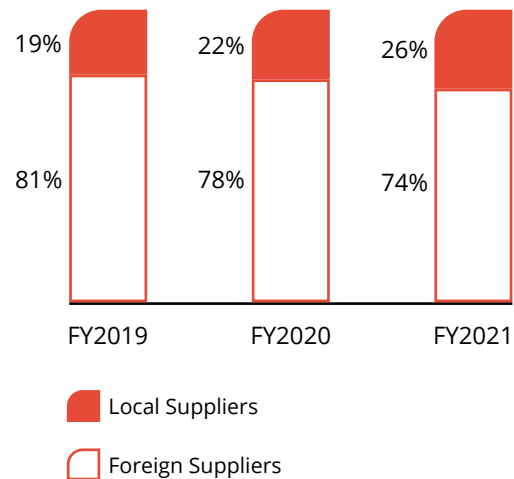
Percentage of Local / Foreign Procurement Budget (%)



Total Number of Suppliers



Percentage of Local /Foreign Suppliers (%)



Based on the data above, in FY2019 local procurement of more than RM6 million mainly from local equipment vendors for energy performance contracts with Telekom Malaysia under Sedania’s Sustainable Energy segment. Offspring, the main contributor to the Group’s Sustainable Healthcare segment, relies on foreign-sourced contract manufacturers for its core products. Their purchasing patterns increased year-on-year (“y-o-y”), corresponding with the increased y-o-y sales.

As part of our responsible supply chain management, Sedania’s emphasis on using local procurement sources whenever possible is part of the Group’s responsible supply chain management and sourcing, in order to continue creating a thriving local marketplace and fuelling the nation’s digital knowledge and economic growth.

Offspring products are manufactured using carefully-selected raw materials which are globally sourced for their specific contributing features and reinforced through various product certifications and accreditations garnered by the various Offspring products. Their products have received the following certifications / accreditations: Australian Allergy Certified, Australian Toxin Free, PETA Cruelty Free and Vegan, EWG Certified (Environmental Working Group VERIFIED Mark), FSC-certified (Forest Stewardship Council), Dermatest Seal, Eco-Cert Cosmos Organic.

These certifications and accreditations are a testament to the claims that Offspring products are natural, organic, cruelty free, eco-friendly, toxin free and dermatologically tested to be suitable for babies, children and adults. We make sure that our suppliers and vendors meet strict safety regulations to fulfil customer and market expectations. The selection of suppliers and vendors must meet the above certifications and accreditations.

Our list of suppliers, vendors and creditors are updated regularly and reviewed annually to identify high-risk suppliers. Supplier audits are conducted based on their performance, quality of product and services, as well as price competitiveness. Suppliers are audited on an informal or ad hoc basis when required. Similarly, physical inspection audits are also conducted on an ad hoc basis as in selected cases, we conduct factory visits / office visits / inspections based on business requirements. We also expect our suppliers to be assessed on voluntary self-reported information.

Due diligence is conducted on new and existing suppliers, looking at past performance and service history to determine their fitness prior to being registered into our panel of approved contractors and suppliers.

We expect all our suppliers and service providers to comply with environmental and social standards and International Labour Organisation (“ILO”) standards while also respecting human rights. Generally, suppliers and service providers shall comply with all laws and regulations in the respective countries in which the suppliers operate, including all applicable anti-bribery laws, international laws and regulations as well as those relating to international trade (export controls, reporting obligations, etc.), data protection, confidentiality and privacy as well as intellectual property. Suppliers must also meet the specifications set out in relevant Group subsidiary’s contractual documents and purchase orders when delivering the products and services.

Covid-19 Pandemic Response

The COVID-19 pandemic’s persistent presence in FY2021 saw Sedania maintaining its various workplace health and safety SOPs in adherence to government laws and regulations. The safety and wellbeing of our people continue to be top of mind in FY2021, which is why the Group has continued to update its Disaster Recovery and Business Continuity Plan Policy and Procedures as and when deemed necessary to ensure all health and safety risks are accounted for. Maintaining operational continuity enables our employees to continue carrying out their responsibilities without endangering them. These include:

WFH Procedures

- Employees are required to work remotely from home during the MCO period.
- We subscribed to Google's G Suite – a collection of cloud computing, productivity and collaboration tools – to manage work flows, and Zoom.us virtual video conferencing tool to facilitate discussions in place of face-to-face meetings.
- To ensure employees can effectively work from home, daily check-in at 9:30am and check-out at 5:30pm is observed and all staff must log in. During Ramadhan month, check-in and check-out times were adjusted to 9:00am and 4:30pm daily.
- Our office remains open to those who want or need to utilise its facilities
- In-office team meetings are carried out at least once a week.

Safety Protocols

- Introduced guidelines on hygienic behaviour for employees similar to those published by Kementerian Kesihatan Malaysia.
- Staff are advised to observe and practice social distancing, wear a face mask and sanitise frequently.
- Acquired disposable face masks and hand hygiene materials to be available for use by employees in the office.
- Changed seating arrangements in office with social distancing markers to increase space between people at work.
- Perform frequent and effective cleaning and sanitisation of the office, so as to reduce the risk that employees will pick up the infection from contaminated surfaces.
- Banning overseas travel during the pandemic.
- Implemented mandatory weekly RTK Antigen Test for employees starting January 2022 to minimise risk of infection at workplace and keep our employee safe.

Given the unpredictable nature of the COVID-19 virus, these aforementioned SOPs and health measures will continue to be in place until the pandemic is effectively contained. Sedania's robust safety protocols, preparations and guidelines have also seen a smoother effort from our side to adapt our operations to this 'new normal' with minimal disruptions, as well as protect those who have to be physically present at the office.

Our risk register continues to be updated accordingly to cover pandemics, and we have endeavoured to ensure that the components of internal control remain functioning with the increased reliance on technology.

There were eight (8) COVID-19 positive cases at Sedania in FY2021. We have put in place specific safety and health measures which will be immediately taken in the event of a COVID-19 positive case to prevent further spread of the infection within the Group's workplace. The individual(s) affected by COVID-19 was safely quarantined and monitored.

To support the national vaccination efforts, the Group encouraged its employees and all other personnel to get vaccinated. To date, 100% of our employees and personnel are fully vaccinated against COVID-19.

Economic

Sedania's economic sustainability continues to be one of its most prioritised material matters as we strive to create long-term value for our business and our stakeholders by adopting a holistic perspective on addressing significant environmental, economic and social impacts, risks and opportunities, which are vital to the continued success and growth of the Group.

Our philosophy towards economic value creation transcends multiple layers, contributed by our activities as a solutions provider, an employer, a consumer of local products and services, and as a payer of taxes and fees to support local economic development. These roles contribute to the national agenda by helping to raise the standards of living of the local population, both directly through financial payouts to our various stakeholders and indirectly through the economic multiplier effect we create. These include supporting the local marketplace through jobs creation and skills transfer, community investment, and the creation digital infrastructure that enables green technology adoption and accelerates the nation towards achieving the goal of net zero carbon emissions by 2050.

Given its importance, the Board has the overall responsibility and oversight of this material topic and is supported by the CEO and Senior Management team in the determination and execution of strategies towards economic value creation.

In FY2021, the Group registered revenue of RM49.1 million and profit before tax of RM12.1 million. Our cash reserves also stand at RM13.3 million as at the end of FY2021. The table below illustrates the indirect economic value distributed for the past 3 years:

	FY2019	FY2020	FY2021
Economic Value Distributed (Opening Costs)	20,029,127	27,043,050	29,573,432
Total monetary value / spend on procurement	13,078,478	17,772,698	19,721,835
Total payout to employees in salaries and benefits	6,228,098	7,423,654	6,689,870
Taxes paid to government	469,372	1,554,614	1,450,834
Repayments to financiers	213,719	287,584	1,688,795
Community investments	39,460	4,500	22,098

Staff costs increased due to higher staff compensation and costs of benefits from the increased number of employees to better support business growth. Additionally, as the Group's business has grown with more economic activities in multiple business segments which has seen the Group post a higher net income, therefore the taxes paid to the government have also increased.

We continue to invest in our various technologies, especially in TelcoTech and Sustainable Healthcare, as we leverage these fast-growing verticals as part of Sedania's strategy to ensure our future economic sustainability.

Additional information on our FY2021 economic performance can be found in:

Financial Highlights: page 9

Management Discussion & Analysis: pages 102 to 113

Financial Statements: pages 147 to 215

Product & Service Quality

The quality of our products and services are paramount to our brand and mission in the long term as this is where our competitive edge in the industry really shines. It is therefore crucial that we consistently strengthen our commitment in pursuing product and service quality and customer satisfaction in all elements of our business, given that our business is sustained by our customers' continued trust and confidence in the quality of our products and services and the value it offers to our customers.

In approaching product and service quality at Sedania, we segregate the quality assurance processes based on the various subsidiaries of the Group for better focus on each of them.

At Offspring, via their product development team, product and service quality involves managing the products' sourcing, ingredients, resources / labour, packaging, delivery as well as omnichannel sales touchpoints and gathering feedback on customer experience via customer surveys. For Offspring's baby diapers and wipes, we also work closely with our contract manufacturers to resolve potential issues at the start of the manufacturing process by performing in-house quality checks on product prototypes / samples. Then we perform inspections on finished products to guarantee stringent control and increase operational flexibility.

At SASC, we ensure that the quality of the trading platform's origination, the trading process' ecosystem as well as the delivery and actions for our banking sector clients are seamless, which ultimately benefits the end user who will enjoy hassle-free and shariah-compliant financing.

Product and service quality as well as customer satisfaction comes under the purview of Quality Control ("QC") department, which provides quality assurance from production to post-production, Sedania's Head of Ops and Head of Technology for quality assurance of technology services, and the various operations involved in handling customer service. Collectively, they work together to ensure customer satisfaction for Sedania's range of products and services. We have also adopted an Information Security Management System ("ISMS") standard to protect the confidentiality, integrity and availability of our assets.

We regularly engage with customers to foster mutually beneficial long-term relationships with them based on trust, integrity, and respect, because understanding their needs and challenges allows us to tailor and innovate our product and services solutions to effectively address our customers' evolving needs.

One of the primary ways of monitoring customer satisfaction involves providing them with our customer survey at least once a year, which forms a key engagement channel with this important stakeholder group. The following table discloses our customer complaint resolution performance for the past 2 years:

	FY2020	FY2021
Customer Complaints Received (Product Complaints)	34	38
Customer Complaints Resolved (Product Complaints)	34	38
Rate of Customer Complaints Solved (%)	100%	100%

Going forward, we plan to further bolster our customer satisfaction initiatives by creating a customer grievance mechanism for our respective business segments, adapted based on each segment's unique nature of business.

Our digital-centric business activities usually bring us into contact with large amounts of customer data and digital information, some of which may be sensitive in nature. We hold a high regard for our customers' right to data privacy and adhere fully to the Personal Data Protection Act 2010 ("PDPA"). Suppliers and business partners who may come into contact with this information during the course of their work are also required to sign Non-Disclosure Agreements to ensure our customers' data privacy.

Similarly, data privacy is also aligned with the data privacy of our banking partners. For auditing purposes, this is aligned with the annual bank's audit on the trading process.

There have been zero fines, penalties or warnings resulting from incidents of non-compliance with regulations or voluntary codes concerning information and labelling of products and services. Moreover, there have been no incidents of non-compliance reported concerning our products on health and safety impacts in the last 3 years.

Innovation & Intellectual Property ("IP")

Sedania remains a vital player in the digitisation of the many segments of the nation's economy. Constant collaboration with our customers on their transformation journey facilitates the creation of efficient operations while enhancing the customers' journey.

In FY2021, SASC and CREALOGIX (a Swiss FinTech 100 company) announced their partnership on bolstering digital adoptions for Malaysian financial institutions. The modern, unified, omnichannel front end for CREALOGIX's client-facing products and services in banking and wealth management will allow SASC to bring this digital expertise and functionality to the Malaysian market. Clients will be able to benefit from local expertise alongside feasible technology integration and solutions, and SASC is confident their collaboration with CREALOGIX will allow them to expand their technological specifications to serve clients better.

Notably, as part of its 'Digital Solutions for All' campaign, SASC has worked with CREALOGIX on several programmes to drive conventional and Islamic digital banking deliverables jointly. The proliferation of digital banking is necessary given Bank Negara Malaysia's imminent announcement of digital banking licenses, and Sedania is eager to remain at the forefront of these digital developments.

As we continue to pursue innovations that will enhance Sedania's economic performance and financial contribution to our stakeholders as well as the wellbeing of society, we also mindful of the need to protect the intellectual capital of the Group, which is crucial to the maintenance of our brand integrity and our continued value creation ability. Patents filed by Sedania over the past few years include:

No	Patent	Applicant	Date of Filing	Application Number	Place of Application
1	Telecommunication Air-time Transfer And Request System And Method	IDOTTV	05.11.2008	PI 20084418	Malaysia
2	A Telecommunication Airtime Trading System	SASC	28.01.2010	PI 2010000455	Malaysia
3	A System and Methods Used for Electronic Billing	IDOTTV	30.03.2011	PI 2011001419	Malaysia
4	A System for Allowing Interaction for a Mobile Device Program, a Server Program and a Bridging Program and a Method for Generating the Programs.	IDOTTV	22.03.2011	PI 2011001287 (product patent)	Malaysia
5	A System for Allowing Interaction for a Mobile Device Program, a Server Program and a Bridging Program and a Method for Generating the Programs.	IDOTTV	22.03.2011	PI 2011001643 (divided out of PI 2011001287) (process patent)	Malaysia
6	Airtime Share	IDOTTV	18.04.2016	PI 2016701419	Malaysia
7	Telecommunication Balance Request And Transfer Method	IDOTTV	18.07.2017	UI 2017702640	Malaysia

Environmental










Sedania continues to prioritise the minimisation of our environmental impact through eco-friendly work routines, efficient use of resource, smart energy usage, responsible waste management practices and more. Beyond our direct impacts, our business also helps to mitigate climate change through the provision of Green Technology products and services that helps to reduce the carbon footprint our customers.

We are in adherence to all applicable environmental regulations and legal standards.

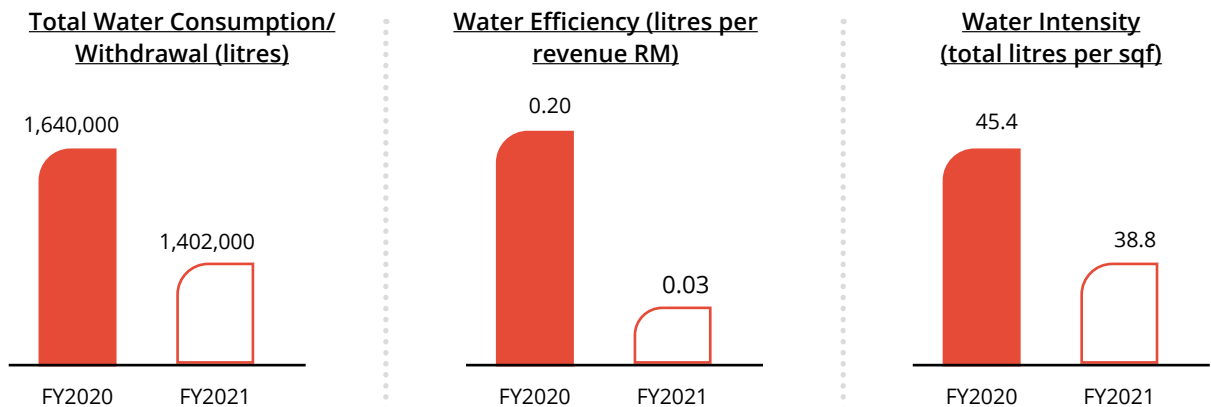
Environmental Consciousness

As a technical solutions provider, Sedania understands that our carbon footprint is mainly limited to energy and resources that are used within the office environment. The Group is aware that despite this, Sedania still has a role to play in addressing indirect environmental impacts such as water consumption and waste production.

The Group has implemented various environmentally friendly initiatives in the workplace and our employees are notified about these initiatives through staff inductions and meetings. Below are examples of the initiatives we have taken to reduce the impacts we have on the environment:

 <p>Purchasing energy efficient equipment</p>	 <p>Shutting down computers and switching off appliances when not in use</p>	 <p>Using partial office space when not operating at full staff capacity</p>
 <p>Developing document management systems that allow employees to retrieve and transmit documents electronically</p>	 <p>Using electronic signature for internal documents and approval</p>	 <p>Reducing paper use by setting printers to print double sided as the default</p>
 <p>Purchasing environmentally friendly and recyclable consumables</p>	 <p>Encouraging the use of coffee mugs rather than single-use or disposable cups</p>	 <p>Encouraging staff to contribute waste reduction and energy saving ideas</p>

Although water management is also not considered a significant topic for Sedania as the only form of usage comes from basic kitchen needs, Sedania is still committed to reducing our consumption of water as it is a finite resource. Our overall water management has improved from the previous year and is shown in the graph below:



Energy Consumption

Energy consumption and GHG emissions are integral business performance indicators for Sedania. Sedania is committed to reduce our electricity consumption wherever possible to reduce our carbon emissions, switching to energy efficient equipment and replacing fossil fuel energy sources with renewable alternatives to improve our overall energy efficiency.

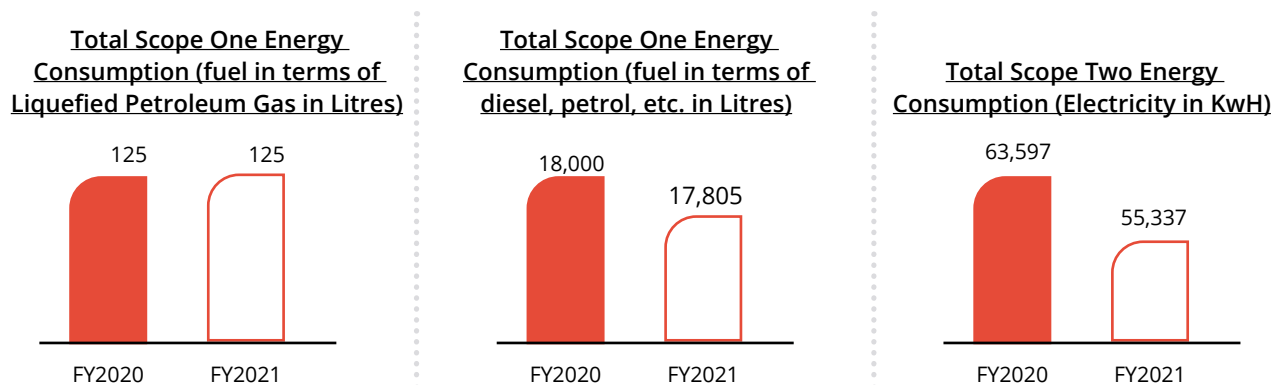
Sedania has identified our main sources of energy consumption as electricity from Tenaga Nasional Berhad's ("TNB") grid, petrol for our company cars, and liquified natural gas ("LNG") for our forklift. Sedania had used 100% grid electricity in FY2021. Among our operating entities, STSB is the biggest contributor to our electricity consumption and is therefore tracked to better improve our energy management going forward.

In order to manage our energy consumption, we are in the midst of preparing an Energy Management policy and have installed an Energy Monitoring system in FY2021. This will help monitor our own energy consumption and help us locate areas where improvements can be made. The system will receive further upgrades in FY2022.

Through our Sustainability Energy service, we provide Energy Efficiency ("EE") and Renewable Energy ("RE") solutions to our clients. This remains a core business for Sedania and is why we have put aside financial resources in excess of RM20 million for the investment of EE and RE equipment and services to provide to our clients. We have also dedicated manpower resources to this effort, with 4 internal and external employees assigned to execute this agenda of developing EE and RE equipment and service. We are committed to promote EE and RE through our personal networks, partners and website.

Energy consumption KPIs and targets have also been set by Sedania. Our own-company target is to reduce our kWh consumption by at least 5% per year and our business target is to save 15 million kilowatt-hours for our clients in 2022. Sedania also hopes to install over 500 kWp of rooftop solar photovoltaic ("PV") technology in 2022.

The Graphs below display our Scope One and Scope Two energy consumption for FY2021:



Climate Change & Emissions

Climate change remains a major concern for Sedania, especially as a Sustainable Energy Service Company (“ESCO”). Beyond the existential crisis posed by climate change, Sedania understands that climate change can directly affect the ecosystems where we operate, which can in turn impact our economic returns and the wellbeing of our community. Growing electricity demand will also greatly increase consumption costs as well as our CO2 emissions.

Hence, combating climate change is fundamental to our long-term social and economic goals. Sedania will continue to focus on reducing GHG Emissions of our businesses and our customers, and closely monitor how our business operations directly or indirectly impact climate change.

The Group has in place our Sustainable Energy portfolio of solutions and services which focuses on providing design, management, installation, and maintenance of energy-saving solutions for corporations. Sedania hopes to continuously develop our portfolio and expand the range of our Sustainable Energy service. As mentioned previously, this would improve energy consumption and reduce overall emissions, which is Sedania’s method of contributing to the fight against climate change.

The following are part of our energy efficiency and energy saving technology portfolio:



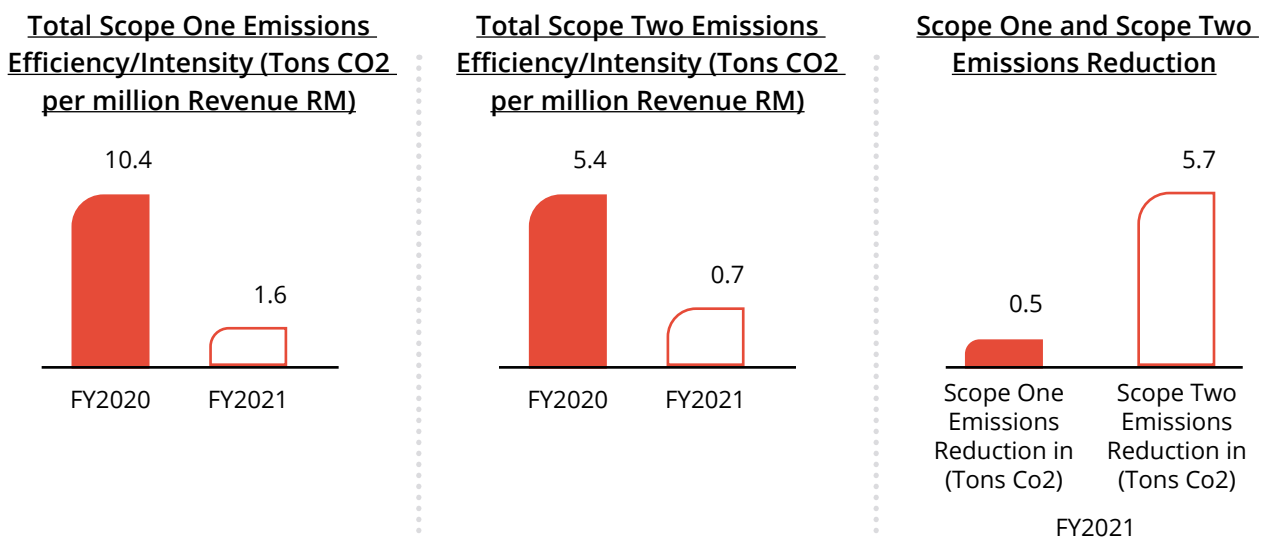
Our Sustainable Energy business operates based on a zero-CAPEX profit sharing model – an alternative financing scheme called an Energy Performance Contract (“EPC”) which lowers the barrier of entry for the adoption of green technology among businesses. Under the EPC, the energy-saving technologies are deployed across all our client’s buildings and branches without the need of an outright purchase or CAPEX investment from the client. Instead, the green technology solutions are financed through savings on their monthly electricity bills, which will then be shared between the client and Sedania over a few years.

Sedania has a strategic partnership with a well-established energy services company in place that has enabled us to execute energy saving projects and allows investment into the development of products that significantly reduce energy consumption.

Our Sustainable Energy service contributes a great deal towards preserving the environment as it reduces the use of fossil fuel energy and increases the use of renewable energy for our clients. Our Sustainable Healthcare products are also made out of biodegradable material, which means that less CO2 is released during production. Both these aspects can significantly reduce overall carbon emissions and help achieve SDG 13 on Climate Change.

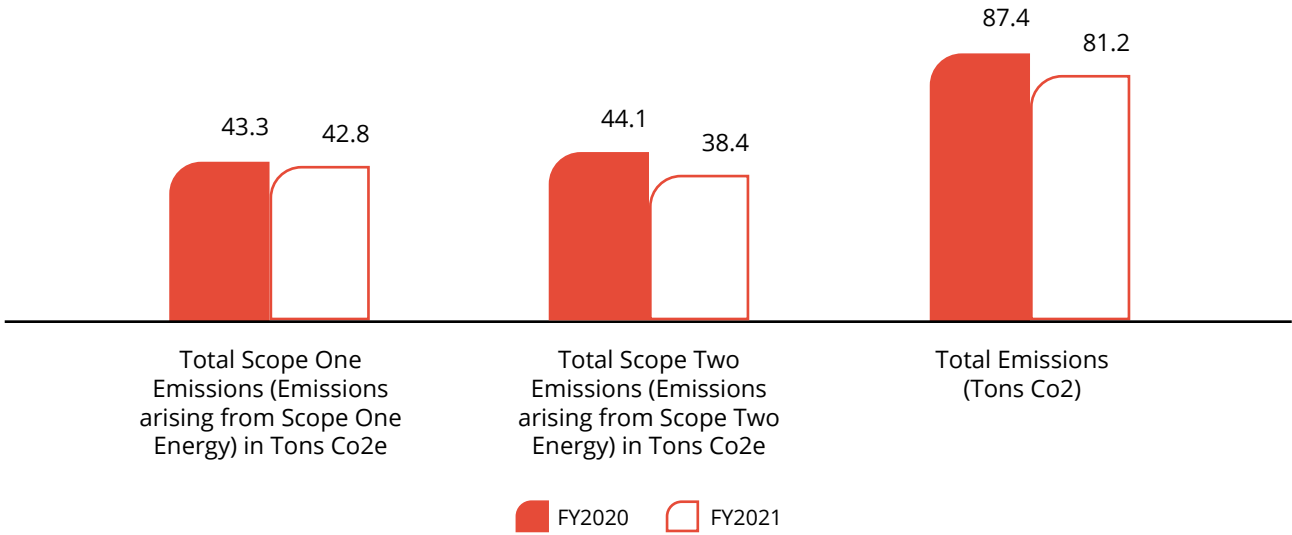
Beyond the provision of solutions that would lower customers’ energy consumption and reduce overall emissions, direct Scope One emissions for Sedania are also monitored as we look to improve our energy efficiency. Our KPI is to improve our CO2 emissions per Million Revenue by at least 5% each year.

The main source of emission for Sedania would be from our company vehicles and electricity usage. In the year under review, Sedania had seen an improvement of 7.5% when it came to Scope One and Scope Two emissions and had achieved 98% of the targets we had set for this year when it came to emissions. We have improved on our overall efficiency when it comes to both Scope One and Scope Two Emissions as can be seen below:



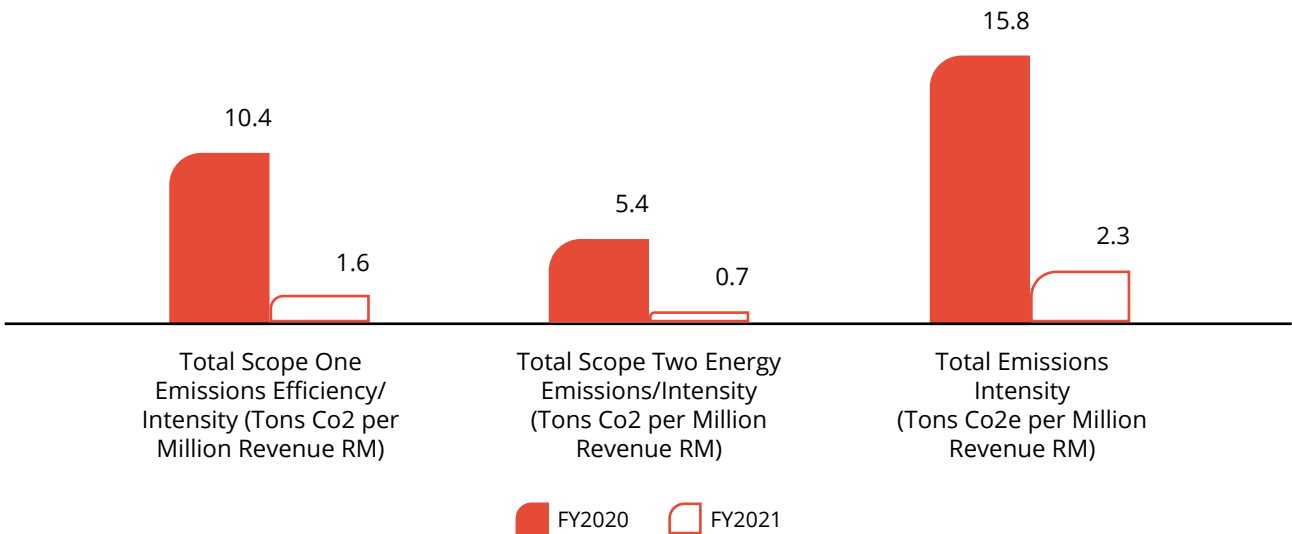
The below graph shows our total Scope One and Scope Two emissions and our emissions intensity:

Total Scope One and Scope Two Emissions



The intensity of our operational GHG are also measured and have seen a significant improvement, charting 85% lower than the previous year. Sedania aims to achieve a GHG reduction of 5% per year for the next 5 years for Scope One and Two emissions.

Emissions Intensity (Tons Co2e per Million Revenue RM)



Looking forward, for FY2022, we are adopting an Energy Management Policy which will help monitor our own energy consumption with new energy monitoring devices being installed.

Policies and action plans we have implemented include:

- Using our 3 motorised vehicles as efficiently as possible
- Migration from in-house server applications to cloud-based or externally hosted environment which are more energy efficient
- Reducing usage of electrical equipment
- Switch from desktop to energy-efficient laptop computers

Sedania has also entered into Memorandum of Cooperation with Malaysian Green Technology And Climate Change Corporation (“MGTC”) in 2021 to jointly pursue sustainable energy projects in the future and is a listed Task Force on Climate-Related Financial Disclosures (“TCFD”) supporter.

Through the provision of our services, Sedania has improved the rates at which corporations have adopted green technology. This in turn would help reduce the overall carbon footprint in Malaysia. Our main clients are involved within the telecommunications industry and consume large amounts of electricity compared to other industries. We have made considerable positive change for the environment by reducing ten (10) Malaysian data exchanges energy consumption by 25%.

The growing global awareness on the threat of climate change has provided us an opportunity to further develop our Sustainable Energy service. Demand has increased over the short and medium term for our service as we help clients become more sustainable in their efforts against climate change. Sedania recognises this and has aligned its company strategy to support its growth in its Sustainable Energy segment, setting aside capital expenditure for the development and sourcing of new products, staffing costs for an enlarged team size, and for retrofitting business premises with energy efficiency solutions and installing renewable energy systems, such as rooftop solar.

We hope to continue developing our RE and EE solutions and have set the target to achieve 15 million kWh energy savings via EE and generate over 1 million kWh in RE through the installation of rooftop solar PV for businesses.

Waste & E-Waste Management

Being a business that primarily operates from the office and mainly uses electricity as its source of energy, Sedania produces minimal waste which only amounts to less than 5kg per day. Therefore, waste management is not considered a key material topic for Sedania, but is nonetheless monitored as every bit of waste reduction helps reduce the GHG emissions from landfills.

Towards that end, Sedania adopts a Minimum Waste and Reduce, Reuse and Recycle (“3R”) policy, which supports paperless operations and electronic archiving of emails, invoicing and statements as much as possible, as well as reuse and recycle where possible.

We are also mindful to keep equipment in use for as long as possible, conducting regular maintenance as part of the equipment upkeep to ensure its operational integrity. Electrical and electronic equipment that have reached its end life are discarded responsibly to prevent the leaching of toxic chemicals and metals into the environment.

SOCIAL

Talent Management

The professional expertise and experience of Sedania’s workforce remains a key material topic for the Group. We maintain a small but committed workforce which we nurture through our merit-based organisational culture, with hiring, retention, reward, promotion and training opportunities determined purely on their competence, skills, capabilities and experience for any job position within the Group.

Talent Management come under the purview of our Human Resource department and is overseen by our ED and Group MD. Sedania implements the following initiatives for our employees to help them grow within the company:

- New Employee Orientation
- Compensation and Benefits
- Salary Adjustments / Revisions
- Open communication channels
- Performance Review
- Training & Development
- Recognising our employees’ efforts and having an appropriate reward system
- Effective change management (guiding and supporting employees through organisational changes)

. Additionally, our HR department are also in charge of the following:

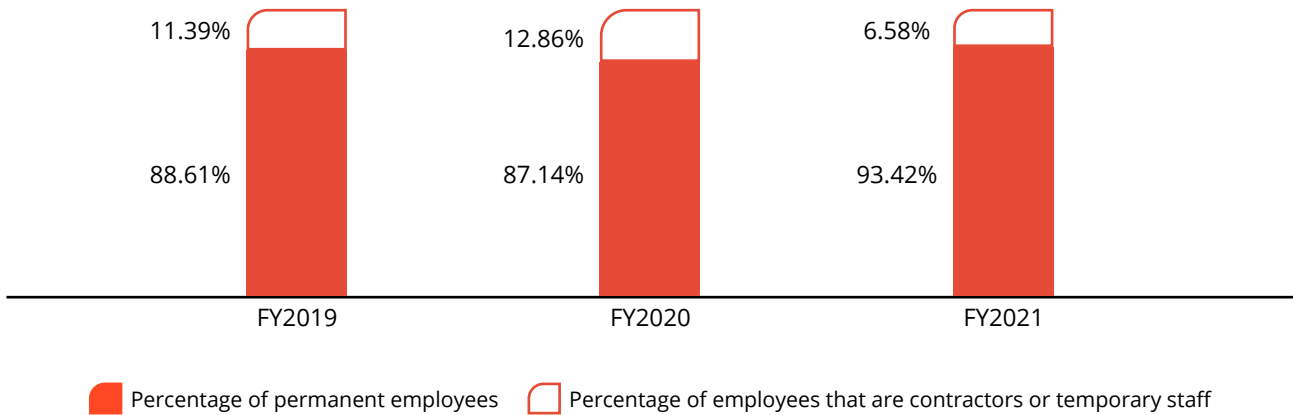
- Prepping of Candidate for Vacant positions
- Sourcing and Attracting Talent
- Receiving Applications
- Selecting and Screening Candidates
- The Interview Process
- Background and Reference Check
- New Employee Onboarding Process

It is important to note that the Group adheres to the Malaysian Employment Act 1955 and Children and Young Persons (Employment) Act 1966, which prohibits exploitative labour practices and is aligned with the guidelines of the International Labour Organisation (“ILO”) and the Universal Declaration of Human Rights. We do not practice child labour or forced labour and adheres to the minimum wage requirements of our country of operations.

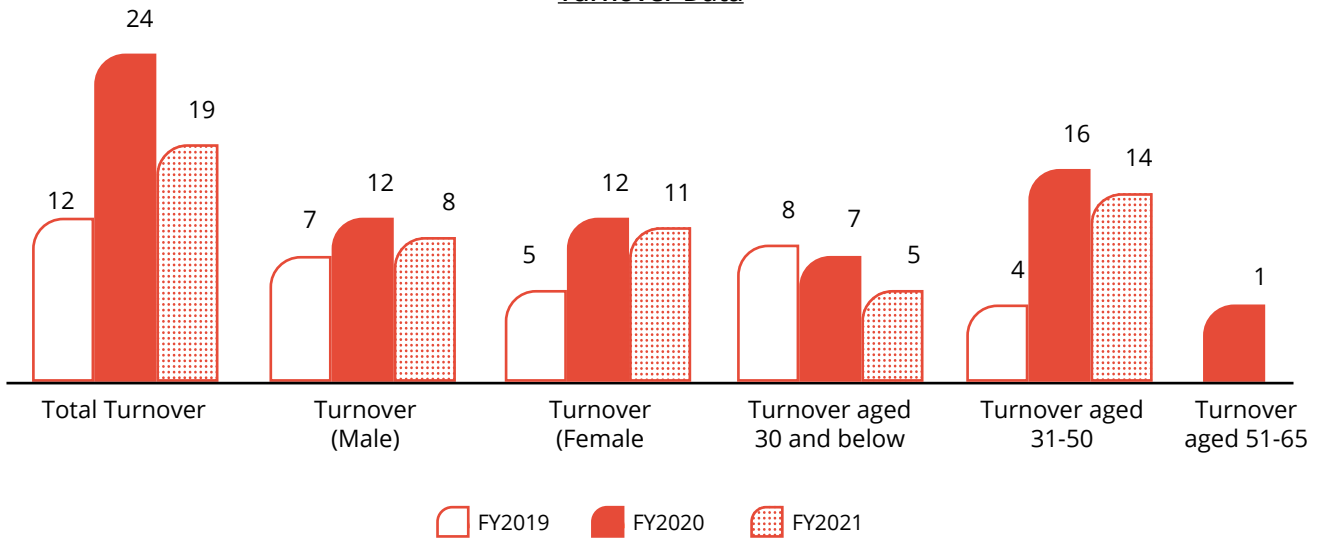
Sedania’s employment opportunities consist of various positions that involve different levels within the organisational structure within Sedania, with full time and contractual employment options utilised depending on the needs of the vacancies.

Sedania is committed to reduce our employee turnover rates and keep the skilled talent that form the knowledge foundation of the Group. This has become increasingly difficult when job mobility, especially among the younger generation, is common practice nowadays. Thanks to the effective talent management strategies employed, Sedania’s full-time staff voluntary turnover rate for FY2021 has dropped to 25% compared to FY2020’s 34.29%. Our employee breakdown by employment type and turnover numbers for the past 3 years are shown below.

Workforce Breakdown by Employment Type

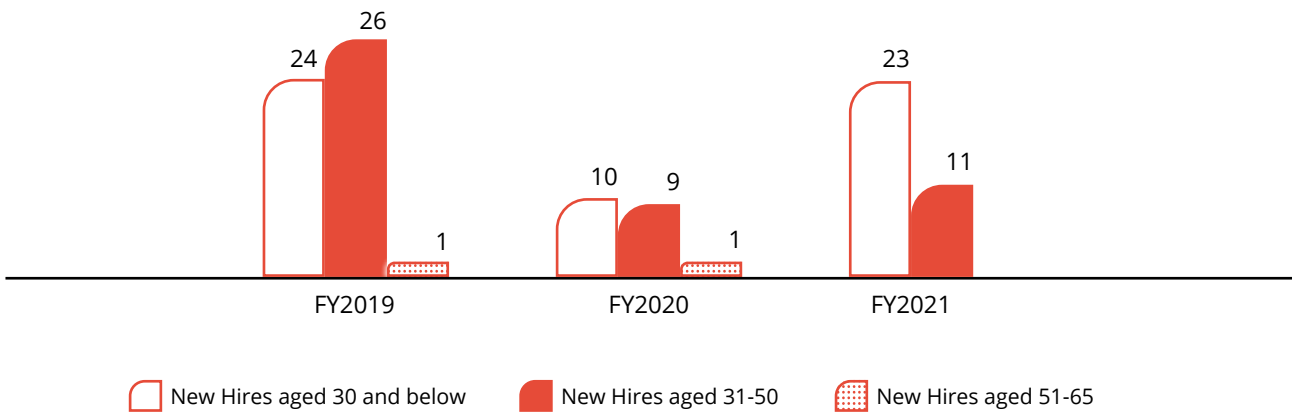


Turnover Data

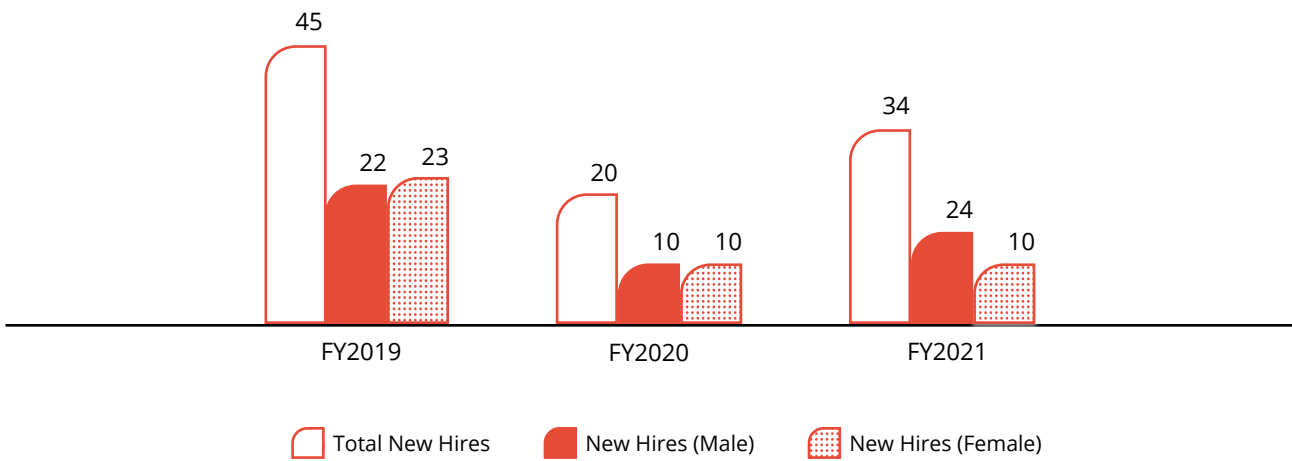


Given the nature of Sedania’s business in the technology and sustainability, a large number of new hires recruited in FY2021 to fill the vacancies are from the younger demographic of 30 and below. We have also seen a higher number of male recruits in FY2021, which has historically been well balanced between the two genders. Whilst Sedania does support the employment of those with disabilities, in FY2021 there were no new hires with disabilities or from under-privileged groups. The age and gender breakdown of our new hires are disclosed below.

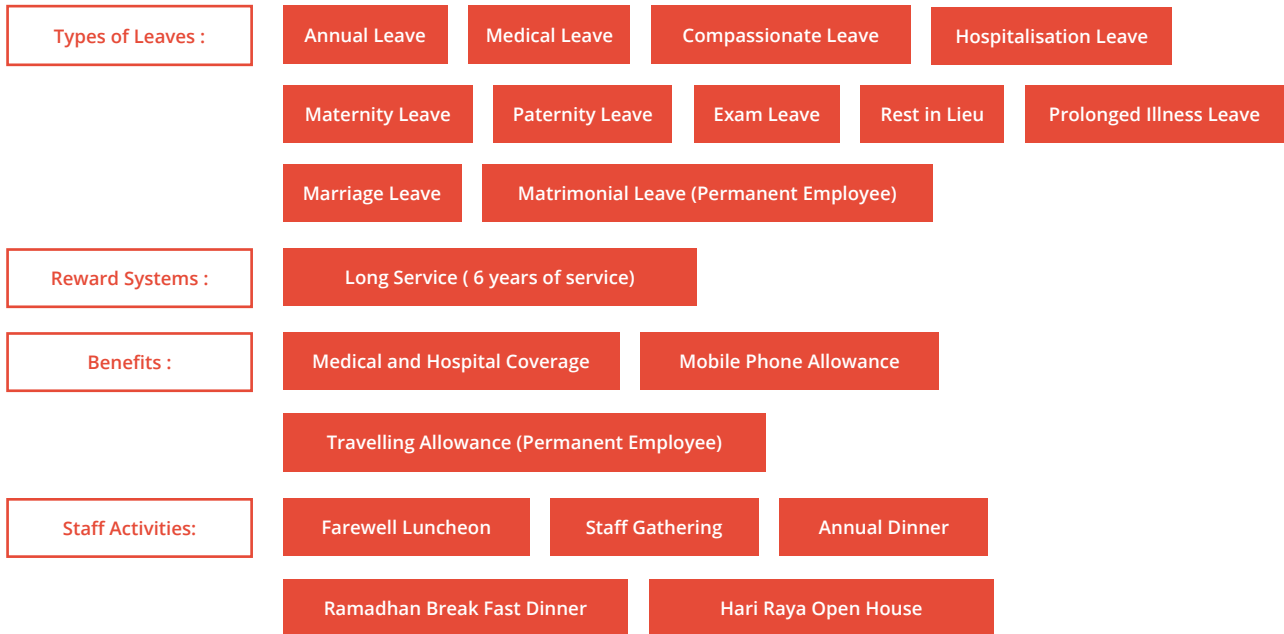
New Hires Age Breakdown



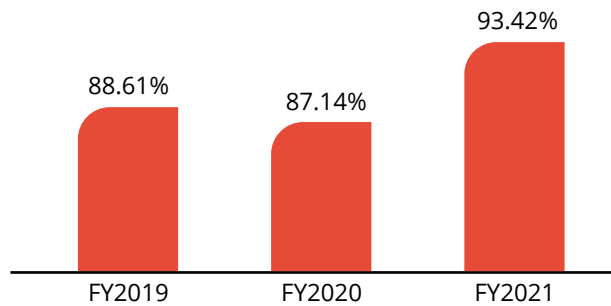
New Hires Gender Breakdown



Sedania provides a competitive mix of remunerations, benefits, entitlements, rewards, training and development opportunities and staff engagement activities as part of our talent attraction and retention strategy. These include:



Percentage of Employees Entitled to Employee Benefits



Female employees are entitled to paid maternity leave of ninety (90) consecutive days for each confinement period and male employees are granted a total of three (3) days of paternity leave. The below table displays the employees parental leave entitlement and utilisation for FY2019 to FY2021:

	FY2019	FY2020	FY2021
Employees Entitled for Maternity and Paternity Leave	87	103	129
Employees Who Took Paternity Leave	2	4	0
Employees Who Took Maternity Leave	1	2	3

To remain a competitive employer, Sedania ensures that our employees are paid wages above the minimum rate. Wages are determined based on industry benchmarks as well as the talents' qualifications, experience and performance.

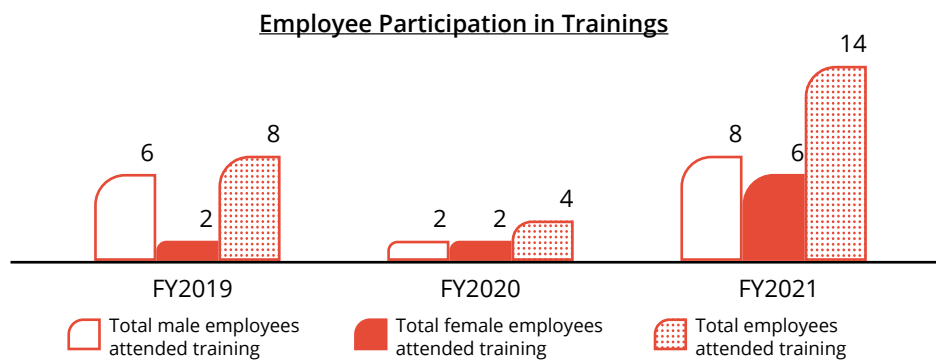
	FY2019	FY2020	FY2021
Employee salaries, bonuses and benefits (RM)	4,665,605	6,488,178	6,285,374
EPF (RM)	385,981	590,758	605,823
SOCSO (RM)	10,289	14,528	14,524
Life insurance payments including death and disability (RM)	202,834	167,550	249,398
Payments for medical / healthcare benefits (RM)	Outpatient / Hospitalisation / GHS / OP		
Share options granted under ESOS (RM)	140,509	701,604	45,994

Training and development is also emphasised at Sedania to develop our talent's technical, organisational and communication skills. Our HR department is in charge of organising the training programmes, which includes determining required training areas in consultation with Heads of Departments, planning the training course itself and getting an accurate number of employees participating in the training sessions.

However, the COVID-19 pandemic has made it increasingly difficult to conduct any physical trainings in FY2021. However, the shift to online training does have its benefits. This includes improved accessibility to these trainings, meaning more employees could participate in these trainings and a wider range of training development programmes could be conducted for employees. Our training performance data for the past 3 years are provided below:

	FY2019	FY2020	FY2021
Total training hours as a company	72	189	226
Total training hours Per Division / Business Unit	72	189	57
Average Training Hours Per Employee	9	47	16
Average Training Days Per Employee	1.1 days	5.9 days	2.0 days

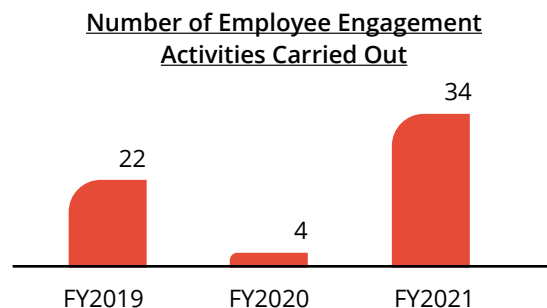
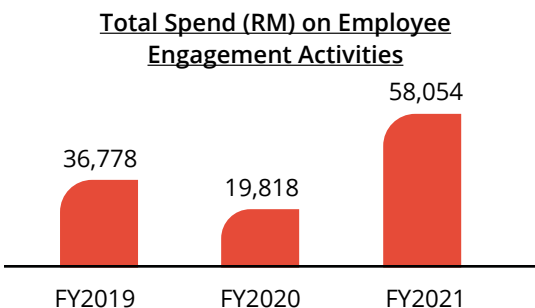
	FY2019	FY2020	FY2021
Average Training Hours Per Employee (Male)	54	94	129
Average Training Hours Per Employee (Female)	18	94	97
Average Training Hours Per Employee (Senior Management Staff)	27	47	49
Average Training Hours Per Employee (Executives)	45	142	178
Average Training Hours Per Employee (Non-Executives)	-	-	-



Employee Satisfaction

Our employees' satisfaction level is crucial to the creation and retention of an engaged and motivated workforce. Sedania organises a range of non-work related company activities to encourage better work life balance and foster camaraderie among our employees. These include social gatherings, festive celebrations, motivational talks and many more.

While we continued to prioritise employee engagement activities, the COVID-19 pandemic did play its part in limiting the number of activities and events we could organise for FY2021. We understand the importance of investing in our workforce through employee engagement activities and we hope to provide more of these activities in FY2022.



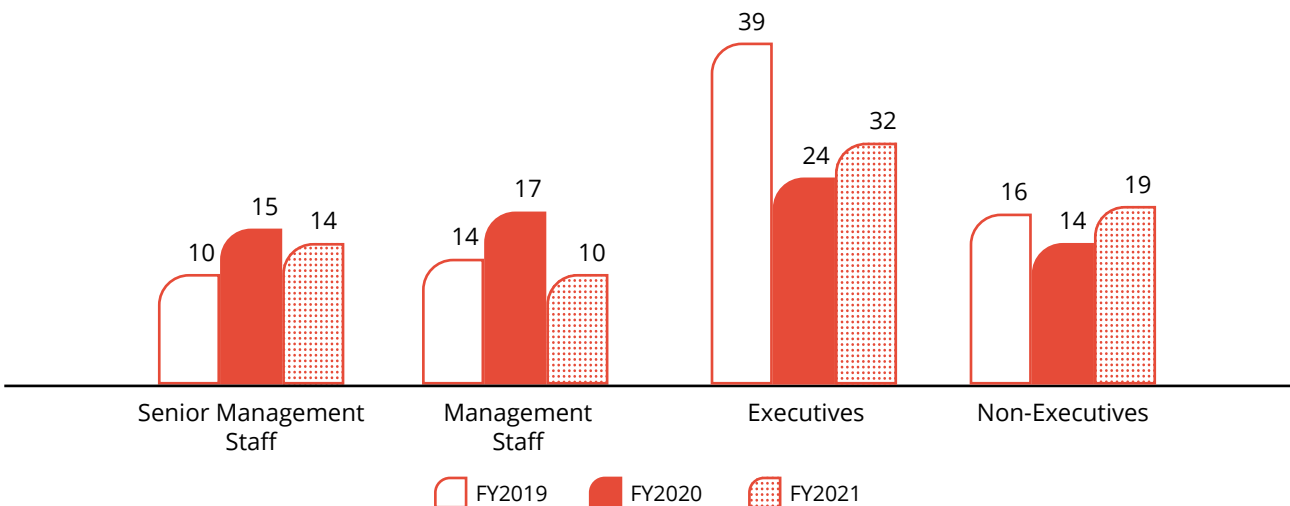
Diversity And Equal Opportunity

Sedania believes that investing in a diverse workforce is essential for our business as the varied perspectives and ideas help enrich our organisation and better inform our decision-making process. Factors such as age, gender, race, religion, sexual orientation, social class, disability and nationality have no impact on the prospects of employment, promotion, training opportunities, salary, remuneration, reward and benefits at Sedania.

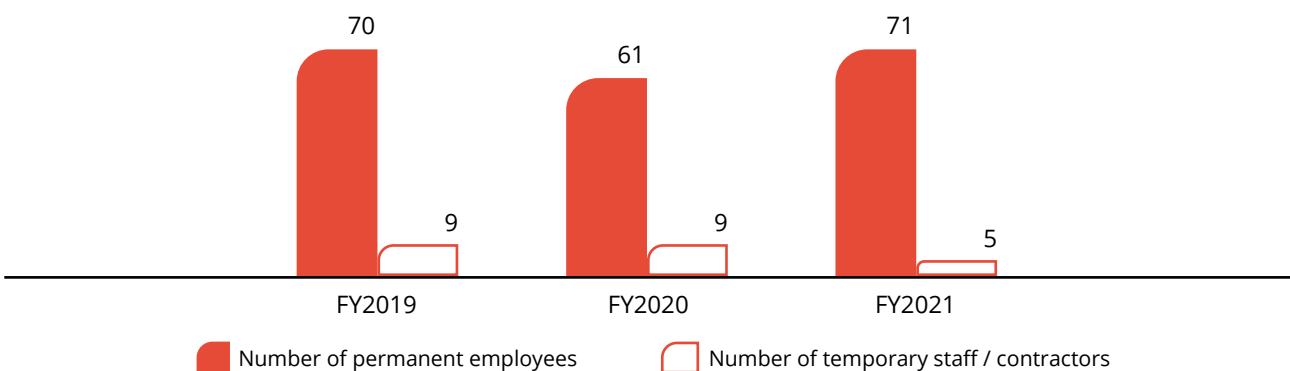
This non-discrimination and inclusive talent management approach has encouraged increased creativity and innovation among our talents, with the diversity of ideas leading to increased profits for the company.

The below graphs show Sedania's breakdown of our workforce:

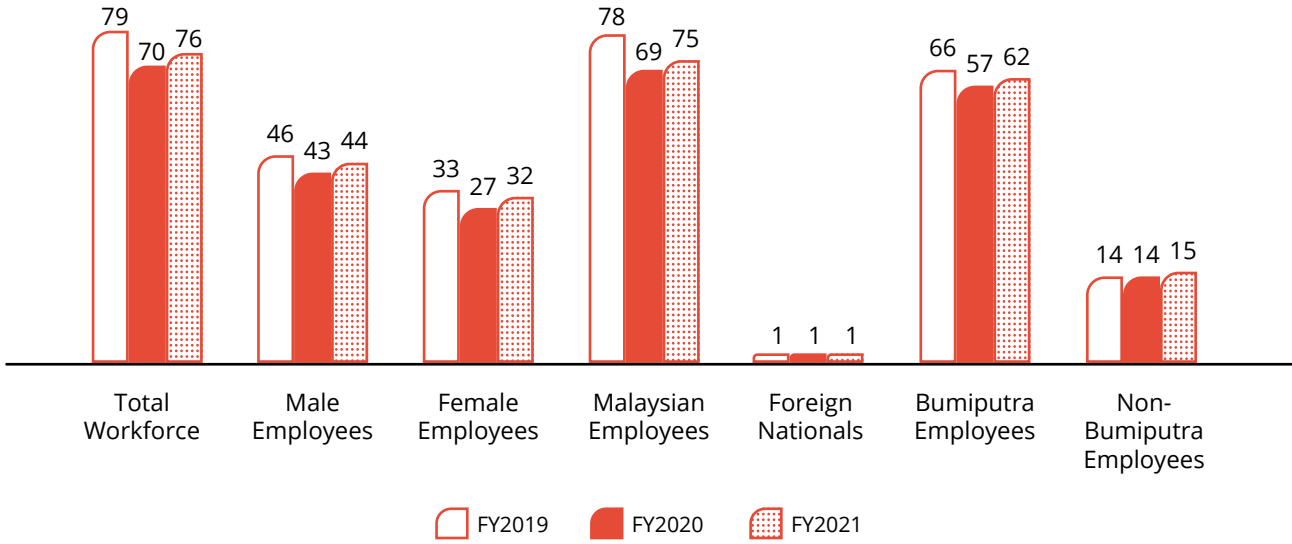
Workforce Breakdown by Position



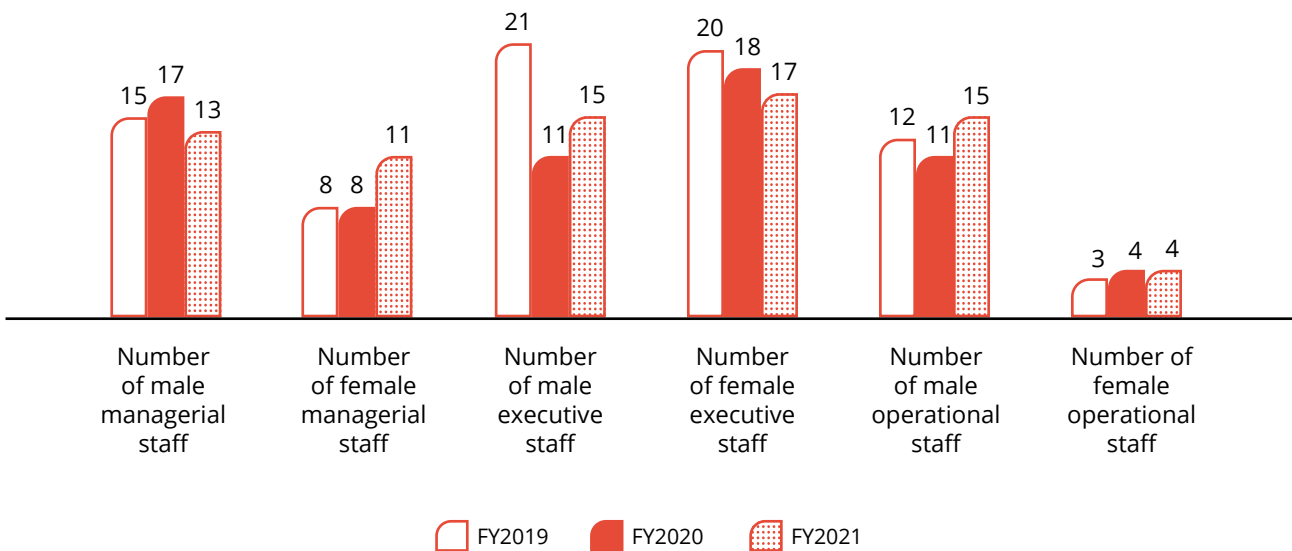
Workforce Breakdown by Employment Type



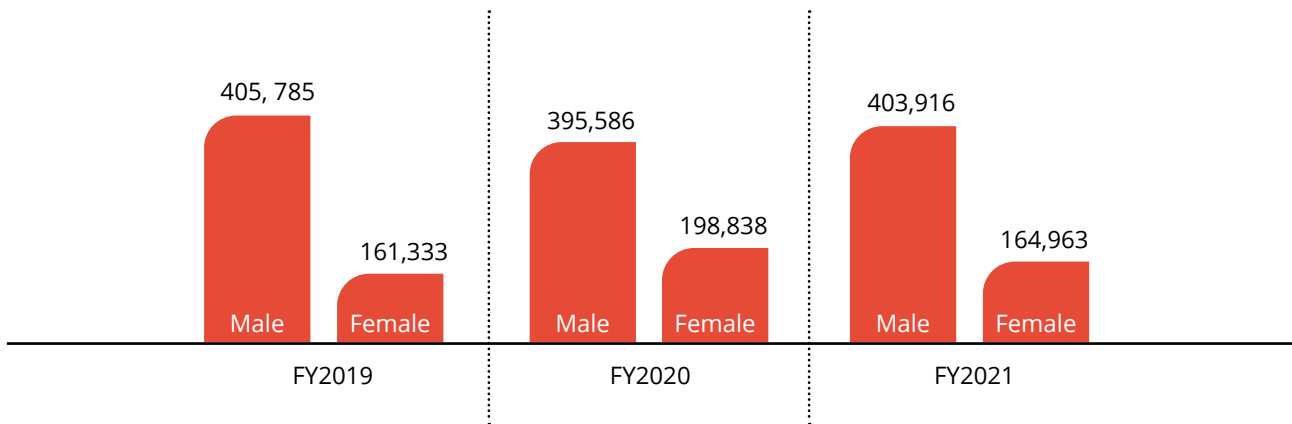
Workforce Diversity Breakdown



Gender Breakdown based on Employment Position



Salary Difference Between Male and Female Employees



Sedania is committed to gradually reduce the gap between male and female employees' median salary in line with our commitment towards gender equality.

Community Investment

Sedania remains committed to fulfilling our role as a responsible corporate citizen. We aim to deliver positive outcomes for society wherever possible and use our position to help the community. This is much needed in FY2021, especially due to the challenges caused by the COVID-19 pandemic.

We are committed to support the socioeconomic progress of the local communities where we operate. One of the key community-driven organisations supported by Sedania is Yayasan Rosni Noor, a non-profit charity organisation that extends financial assistance and development support to three main groups of people: orphaned children, children in need who hail from single mothers, and poor communities including mualaf (Muslim reverts).

Our community investment initiatives also entailed providing emergency aid during the widespread floods in December 2021 to employees of the Group who were affected. In assisting the flood affected community of nearby Kampung RTB Bukit Changgang, Selangor, our Sustainable Energy team deployed a unit of mobile pyrolysis waste management machine to address post-flood waste in the area. This innovative solution uses an eco-friendly process of turning solid waste material into ash without using fire or any fossil energy sources. Offspring also gave out some promotional packs containing hand sanitisers and plant-based wipes to pregnant mothers last year at one of the vaccination centres as part of its drive to support the adult populace during the mass COVID-19 vaccination period.

We encourage our employees to be involved with community activities and initiatives whenever possible. Their participation in company-initiated CSR activities and volunteer efforts in other community service are recognised by the Management.

Corporate Governance Overview Statement

Introduction

Corporate governance is ... holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

(Sir Adrian Cadbury, 20 September 1999)

The Board's Commitment

Echoing Sir Cadbury's elaboration on corporate governance ("CG"), the Board of Directors ("the Board") of Sedania Innovator Berhad ("Sedania" or "the Company") and its subsidiaries ("the Group" or "Sedania Group") are committed towards ensuring that good CG is observed throughout the Group. Upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders' value and safeguarding interests of other stakeholders.

As part of this commitment, the Board is pleased to present this CG Overview Statement ("Statement") to provide stakeholders with an overview of the extend of compliance with the Practices as set out in the Malaysian Code on Corporate Governance ("MCCG") under the stewardship of the Board. This Statement takes guidance from the three (3) key CG principles as set out in the MCCG, which are: -



This Statement also serves as a compliance with Rule 15.25(1) of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read together with the CG Report 2021 of the Company, which is available for public access on the Company's website at:-

www.sedaniainnovator.com

The CG Report 2021 provides the detailed explanations on how Sedania Group has applied each Practice as set out in the MCCG during the financial year ended 31 December 2021 (“FYE 2021”) and/or up to 18 March 2022, being the latest practicable date (where applicable) (hereinafter referred to as “Applicable Period”).

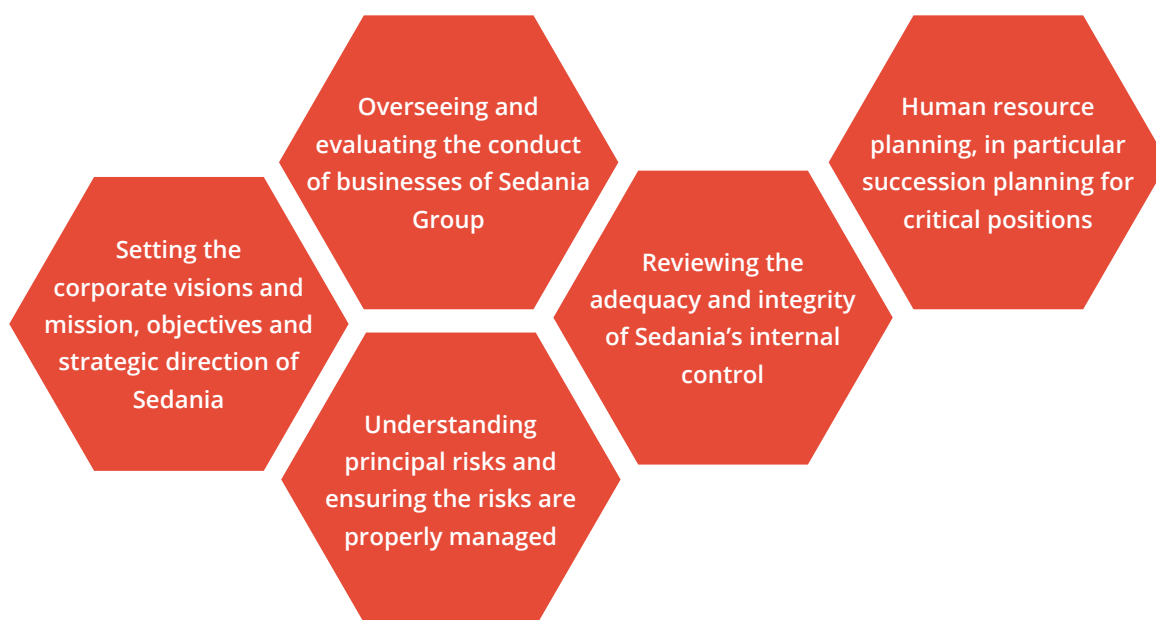
Sedania’s CG Journey

The Board is pleased to provide an update to the CG practices of Sedania Group during the Applicable Period. Despite the challenging operating environment due to the Coronavirus Disease (“Covid-19”) pandemic, the Board wishes to reiterate that CG remains as one of Sedania’s key pillars amid the constant changes in our volatile operating environment.

Sedania’s Key Focus Areas for CG

For the Applicable Period, Sedania’s key focus areas for CG are as follows: -

Practice 1.1: Key Responsibilities of the Board



Practice 1.3: Chairman and Managing Director (MD) are separate person




Chairman
Tan Sri Abdul Halim
Bin Ali

Distinctly separate the positions of the Chairman and MD which promotes accountability and facilitate division of responsibilities between them



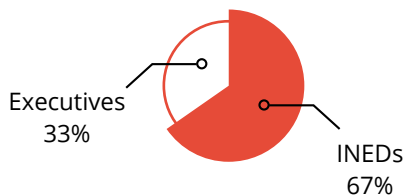
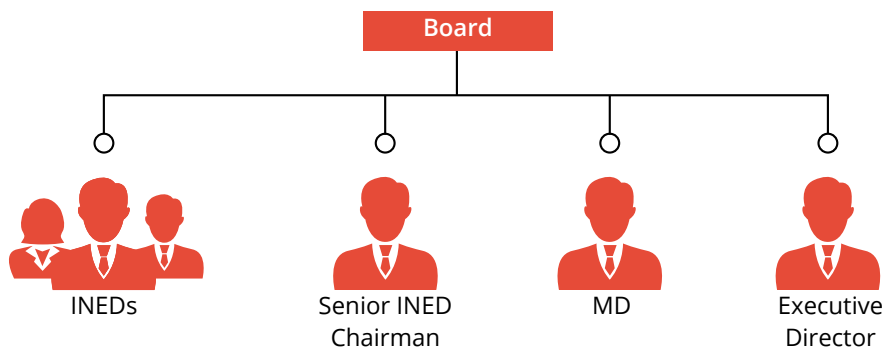
MD
Datuk Noor Azrin
Bin Mohd Noor

Practice 4.1: The Board and Management takes responsibility for the governance of sustainability in the Company




The Board has been proactively raising sustainability awareness, in particular the issues regarding the economy, environmental, social and governance factors during the Board meetings.

Practice 5.2: Independent Board Composition



- ✓ Rule 15.02(1) of the ACE LR, one-third (1/3) Independent Directors
- ✓ Practice 5.2 of the MCCG, at least half of the Board comprises Independent Directors

Practice 5.8: Nominating Committee is chaired by an independent director or Senior Independent Director



Tan Sri Abdul Halim Bin Ali, the Senior Independent Non-Executive Director is the Chairman of the Nominating Committee.

Step Up Practice 9.4: Independent Audit Committee



Audit Committee

Independent Directors only

Practice 10.1: Risk Management and Internal Control



Audit & Risk Management Committee

Enhancement of Roles - Risk Management Oversight

Principle A - Board Leadership And Effectiveness

Part 1 - Board Responsibilities

1. Duties And Responsibilities Of The Board

The Board is responsible for the leadership, oversight and long-term success of the Group. The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the principal responsibilities in discharging its fiduciary and leadership functions, as guided by the Board Charter. For the Applicable Period, the Board undertake the: -

- (a) together with the senior management, promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- (b) reviewing and adopting a strategic business plan for the Company, including its goals and ensuring that the strategic business plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (c) overseeing the conduct of the Group's business to evaluate whether the businesses are being properly managed;

- (d) understanding principal risks, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
- (e) ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- (f) overseeing the development and implementation of a shareholder communications policy;
- (g) reviewing the adequacy and integrity of the Group's internal control and management information systems; and
- (h) ensuring that the Company adheres to high standards of ethics and corporate behavior.

To assist in the discharge of its stewardship role, the Board has established several Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), Employees' Share Option Scheme ("ESOS") Committee and Sustainability Committee to examine specific issues within their respective terms of reference ("TOR") as approved by the Board and thereafter report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

2. Key Responsibilities of the Chairman

Tan Sri Abdul Halim Bin Ali, the Chairman of the Board, leads the Board with a keen focus on governance and compliance. His key responsibilities as a Chairman of the Board, include but not limited to the following:-

- (a) Building a high-performance Board by leading the evaluation of the Board's performance and ensuring that succession planning is considered on an ongoing basis;
- (b) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- (c) Leading Board meetings to ensure robust decision making;
- (d) Encouraging active participation and allowing dissenting views to be freely expressed by Board members to tap the wisdom of all the Board members and to promote consensus building as much as possible;
- (e) Facilitating the Board and Management interface by acting as the conduit between the two parties;
- (f) Leading the Board in adoption and implementation of good corporate governance practices in the Company;

- (g) Ensuring effective communication with stakeholders;
- (h) Facilitating the selection and appointment of a successor to the Managing Director; and
- (i) Acting as a spokesperson for the Board and the Company.

3. Separation Of The Positions Of Chairman And Managing Director

The positions of the Board Chairman and the Managing Director are held by separate individuals and they are not related to each other. Their roles are kept separate to ensure a clear division of responsibilities and an appropriate balance of power and authority. In this regard, no individual can influence the Board's discussions and decision-making.

Generally, the Chairman will lead the Board in its collective oversight of Management, while the Managing Director has overall responsibilities over the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. The Chairman has never assumed an executive position in the Company. In addition, the Managing Director by virtue of his position as a Board member, also functions as the intermediary between the Board and Management.

4. Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Chua Siew Chuan, FCIS and Mr. Cheng Chia Ping, ACIS. Being members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), both of the Company Secretaries are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("CA 2016"). Further, both of them have also obtained their practicing certificates, respectively from the Companies Commission of Malaysia pursuant to Section 241(1) of the CA 2016.

Further details on the qualifications and experiences of the Company Secretaries are outlined in the CG Report 2021, which are available for viewing on the Company's corporate website at www.sedaniainnovator.com.

The Board has unrestricted access to the advice and support of the Company Secretaries in relation to the Board policies and procedures, compliance of applicable rules and regulations by the Group and CG related practices.

For FYE 2021, the Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

5. Timely circulation of meeting materials

Board Meetings and Board Committees meetings are scheduled in advance of the new financial year to facilitate the Directors in planning their meeting schedule for the year. Special Meetings of the Board and Board Committees are convened between the scheduled meetings to consider urgent matters that require expeditious decision or deliberation by the Board and Board Committees.

The Notice of the scheduled Board and Board Committees meetings were served to the members of the Board and Board Committees via email at least seven (7) days prior to the Meeting unless there is an exceptional case.

In order for the Board and Board Committees meetings to be more effective and in-depth deliberations of matters are achieved, the meeting agenda are sequenced in such a way taking into consideration the complexity of the proposal and/or whether they are items for approval, discussion or notation by the Board and Board Committees.

For FYE 2021, the Management continued leveraging on the usage of technology where meeting papers were circulated to the Directors in electronic form via email instead of distribution of hard copies prior to the Board and Board Committees' Meetings so as to accord sufficient time for the Directors to peruse the meeting paper. A full agenda and comprehensive Board papers are circulated to all Directors at least five (5) business days prior to the meetings.

Subsequent to the Board and Board Committees' Meetings, the minutes will be circulated to the Board and Board Committees' members for confirmation to ensure on the accuracy of the proceedings recorded. The Chairman of the Board and Board Committees' meeting signs the minutes as a correct record of the proceedings and thereafter, the signed minutes are kept in the statutory minutes book kept by the Company Secretaries at the registered office of the Company to be made available for inspection under the CA 2016.

6. Board Charter

In compliance with Practice 2.1 of the MCCG, the Board has a Board Charter which clearly outlines the respective roles and responsibilities of the Board, Board Committees, individual directors and Management, as well as issues and decisions reserved for the Board, membership, and operation of the Board, adopting principles of good CG and practice, in accordance with applicable laws in Malaysia.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

The Board Committees in performing their responsibilities delegated by the Board are guided by the TOR of each of the Board Committees as approved by the Board.

The Board Charter shall be reviewed periodically and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of corporate governance, laws and/or regulations and reflects the Board's commitment to best practice in corporate governance.

The Board Charter was revised by the Board on 28 March 2022 to ensure compliance with the MCCG (revised as at April 2021) and the same is available for viewing under the "Investors – Corporate Governance" section of the Company's website at www.sedaniainnovator.com.

7. Code of Conduct and Business Ethics

In compliance with Practice 3.1 of the MCCG, the Board has formalised a Code of Conduct and Business Ethics ("**the Code**") for its Directors and employees to promote an ethical framework, policies and conduct throughout the Group. The Code serves as guidance on the standard of behaviour expected of all employees in the discharge of their duties and/or dealings with the Company to maintain high standards of business ethics and integrity. The guiding principles of the Code are as follows: -

- Core values and culture;
- Duties of good faith, fidelity, diligence and integrity;
- Workplace culture and environment; and
- Discipline, disciplinary process and sanctions.

All employees have been provided with the Code. As part of the enforcement process, all employees are required to declare that they will adhere to the provisions of the Code.

The Code is available for viewing under the "Investors – Corporate Governance" section of the Company's website at www.sedaniainnovator.com.

8. Whistleblowing Procedures

As recommended by Practice 3.2 of the MCCG, the Group has in place a whistleblowing policy ("**Policy**") which provide an avenue for all employees of the Group and members of the public to report genuine concerns or issues including but not limited to, reporting of fraudulent financial information, actual or suspected fraud, misappropriation of monies, misrepresentation, concealment of facts or information with the intention to mislead, violation of laws and regulations, endangerment of employees or public health and safety, violation of Company policies, taking or giving kickbacks, bribes, favours, privileges, criminal offences, blackmailing, amongst others.

Any employee who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the designated person as outlined in the Policy through verbal communication or in writing. The Management will ensure that any employee of the Group who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Policy is available for viewing under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

For the Applicable Period, no whistleblowing report has been received by the designated person.

9. Anti-Bribery and Corruption Policy

The Board had established and adopted the Anti-Bribery and Corruption Policy (“**AB & C Policy**”) in which the Group is committed to conducting the business ethically, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 (“**MACC 2009**”) and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.

The AB & C Policy provides principles, guidelines and requirements on how to deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within the Group.

This AB & C Policy applies to all individuals working for the Group and all companies within the Group at all levels and grades, the Board and any third party associated with the Group.

The AB & C Policy is available for viewing under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

10. Sustainability risks and opportunities

In line with strengthening sustainability and providing more comprehensive and strategic oversight of the Group’s economic, environmental, social and governance (“**EESG**”) matters, the Group had established a Board level Sustainability Committee effective from February 2022 which shall be responsible for developing an effective response towards material EESG matters to sustain and improve financial values created for stakeholder.

The Board has also in place a Sustainability Policy to address and guide the sustainability issues of the Group’s information technology business and operational activities, which includes responsibly and ethically attending to material EESG matters identified by the Group. The Sustainability Policy also sets out the sustainability principles, procedures and obligations into the Group’s larger sustainability framework.

The Sustainability Policy is available for viewing under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

The details of the Group’s material sustainability matters and the relevant responses are set out in the Sustainability Statement in this Annual Report.

Part II – Board Composition

1. Size and Composition of the Board

For FYE 2021, the Board comprises six (6) members, of which, four (4) or 66.67% were Independent Non-Executive Directors (“INEDs”) and the remaining two (2) or 33.33% were Executive Directors (“EDs”).

This composition fulfils the requirement as set out in Rule 15.02(1) of the ACE LR of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

This also applies to Practice 5.2 of the MCCG where at least half of the Board comprises independent directors. This independent element brings an objective and independent judgement to the decision-making process of the Board.

The Board members comprise high calibre individuals with diverse professional backgrounds, skills and extensive experience and knowledge in their respective fields. Together, the directors with their wide range of competencies, capabilities, technical skills and relevant business experience add value in governing the strategic direction of the Company.

The EDs are generally responsible for making and implementing operational decisions whilst the INEDs support the skills and experience of the EDs, contributing to the formulation of policy and decision-making with their knowledge and experience in other business sectors to ensure that proper check and balances are in place in Board decisions and implementation of policies.

The Board is of the view that the current composition is appropriate given the nature of business and scale of operations of the Group. The current Board structure also ensures that no individual or group of individuals dominates the Board’s decision making.

The profiles of the members of the Board are provided in the 2021 Annual Report as set out on pages 14 to 20.

2. Tenure of Independent Directors

The NC assesses the independence of the INEDs annually and is satisfied with the level of independence demonstrated by all the independent directors and their ability to act in the best interest of the Company.

The tenure of the INED should not exceed a cumulative term of nine (9) years. Should the Board intend to retain the INED as independent director after serving beyond nine (9) years, then the Board shall undertake a rigorous review to determine whether the “independence” of the Director had been impaired. The findings from the review shall be disclosed to shareholders for them to make an informed decision, which is decided by way of a two-tier voting process in seeking annual shareholders’ approval to retain such an independent director beyond nine (9) years.

None of the INEDs has exceeded the tenure of a cumulative term of nine (9) years in the Company as at 31 December 2021.

3. Procedures for Appointment of Directors and Senior Management

The Board has entrusted the NC with the duty to review candidates for the Board and key senior management positions taking into consideration the candidates’ skills, knowledge, expertise and experience, time commitment, character, competence, professionalism, integrity and with due regards to gender diversity as well. While the RC is responsible to determine the appropriate remuneration packages for these appointments.

In the event that a candidate is required for the appointment of Director, the NC would use a variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely relying on the recommendations from existing Board members, management or major shareholders.

During the FYE 2021, Mr. Yoong Weng Hong Peter Andrew was appointed as new INED of the Company.

4. Boardroom Diversity

The Board is cognisant of the gender diversity recommended by MCCG and believes that diversity in the Board’s composition will bring values to Board deliberation.

The Board does not have specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workplace. The Board is of the view that all candidates shall be given fair and equal treatment.

The Board currently has one (1) woman Director, equivalent to 16.67% women representation on the Board. The Board is satisfied with the current composition of its member and is of the view that the Board is able to discharge its duties effectively with the current mix of skills, knowledge, experience and strength.

The Board acknowledges the importance of boardroom diversity and views that while promoting boardroom diversity is essential, the normal selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.

The Board recognises the benefit of gender diversity and affirmed that gender diversity will be one of the criteria to be considered by the NC during their evaluation process on potential candidate(s) for Board memberships.

5. Board Committees

The Board has delegated certain responsibilities to the Board Committees to assist it in discharging its fiduciary duties. All the Board Committees operate within clearly defined TOR.

- **Nomination Committee**

The NC is chaired by Tan Sri Abdul Halim Bin Ali, a Senior INED. For FYE 2021, the NC comprises exclusively INEDs and the composition of the NC is as follows: -

Name	Designation	Directorate
Tan Sri Abdul Halim Bin Ali	Chairman	Senior Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	Member	Independent Non-Executive Director
Norliza Binti Kamaruddin	Member	Independent Non-Executive Director

The NC is governed by its TOR which outlines its remit, duties and responsibilities and the same is available for viewing under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

Summary Of Works

During the financial year under review, the NC held three (3) meetings to deliberate on matters including the following: -

- Reviewed and confirmed the Minutes of the preceding NC Meeting;
- Reviewed the performance and proposed extension of contract of the CEO of the subsidiaries;
- Evaluated the contribution and performance of each individual director;

- (d) Reviewed and assessed the annual performance and effectiveness of the Board and the Board Committees as a whole;
- (e) Reviewed the term of office and performance of the ARMC and each of its members;
- (f) Reviewed and assessed the annual independence assessment of the Independent Directors;
- (g) Reviewed and assessed the composition of the Board Committees;
- (h) Reviewed and assessed the performance and making recommendations to the Board regarding the Directors who are seeking for re-election at the Annual General Meeting (“AGM”); and
- (i) Reviewed and assessed the profile of candidate for appointment as INED of the Company.

Retirement and Re-election

The NC had reviewed and assessed the performance and contribution of the Directors who will be retiring at the forthcoming AGM and nominated them for re-election and thereafter recommended to the Board the resolutions for their re-election be tabled at the forthcoming AGM.

- **Remuneration Committee**

The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2021 is stated in **Principle A, Section II Paragraph (8)** of this Statement.

- **Audit and Risk Management Committee**

The membership, a summary of the activities of the ARMC and Internal Audit Function and Activities in respect of the FYE 2021 are stated in the **ARMC Report** of this Annual Report.

- **Employees’ Share Option Scheme Committee**

The ESOS Committee is formed to administer the ESOS established by the Company with effect from 5 November 2015. The composition of the ESOS Committee during the FYE 2021 are as follows: -

Name	Designation	Office Designation
Tan Sri Abdul Halim Bin Ali	Chairman	Senior Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	Member	Independent Non-Executive Director
Norliza Binti Kamaruddin	Member	Independent Non-Executive Director
Daniel Bernd Ruppert	Member	Chief Executive Officer
Rizalzin Hashim Bin Mohammed	Member	Chief Financial Officer
Lau Kin Wai (Ceased w.e.f. 13 December 2021)	Member	Independent Non-Executive Director

The following works were undertaken by the ESOS Committee during the FYE 2021: -

- (i) Reviewed and assessed the proposed ESOS for the eligible C-Level Executives and Employees of the Group;
- (ii) Administer the ESOS Scheme; and
- (iii) Reported to the ARMC and the Board at every quarterly meeting if there is any offer of ESOS Options to the eligible persons.

The ESOS Committee is governed by its TOR which outlines its remit, duties and responsibilities and the same is available for viewing under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

6. Annual Assessment

In compliance with Practice 6.1 of the MCCG, the Board has delegated to the NC to conduct annual Board evaluation to review the skills and experience of each individual Director and assess the effectiveness of the Board and Board Committee as a whole.

The Board evaluation comprises Board and Board Committees’ assessments, assessment of independence of Independent Directors and the contribution of each individual Director. The evaluations involve individual Directors and Committee members completing a set of evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered by the Company. The criteria for assessing the independence of an Independent Director include the relationship between the respective Independent Director and the Group, and his involvement in any significant transaction with the Group. The Board also undertook a self-assessment in which they assessed their own performance.

All assessments and evaluations carried out by the NC were properly documented.

7. Time Commitment and Directors’ Training

The Board reviewed the results of the Directors’ performance evaluation in the Board meeting held on 28 March 2022 and is generally satisfied with the current size, composition as well as the mix of skill sets and independence of its INEDs.

For FYE 2021, the Directors have committed a total of 32 hours 55 minutes in discharging their fiduciary duties and oversight function in Board and Board Committee Meetings, as well as AGM:-

Meetings	Time Committed
Board of Directors' Meetings	12 hours 35 minutes
Audit and Risk Management Committee Meetings	15 hours 10 minutes
Nominating Committee Meetings	1 hour 25 minutes
Remuneration Committee Meetings	1 hour
Employees' Share Option Scheme Committee Meetings	1 hour 45 minutes
Annual General Meeting	1 hour
Total	32 hours 55 minutes

During the financial year under review, the Board held six (6) meetings to review the Group's operations, strategy and business plans, review and approve the quarterly financial results and annual financial statements and other matters requiring the Board's approval.

All Directors complied with the minimum requirement of 50% attendance at board meetings as stipulated in Rule 15.05(3)(c) of the ACE LR of Bursa Securities. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities.

The meeting attendance of the Board and Board Committees during the financial year under review is as follows: -

General Meeting

Directors	Number of Meetings attended /held in FYE 2021	%
Tan Sri Abdul Halim Bin Ali (Chairman)	1/1	100.00
Datuk Noor Azrin Bin Mohd Noor	1/1	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	1/1	100.00
Datuk Noor Syafiroz Bin Mohd Noor	1/1	100.00
Norliza Binti Kamaruddin	1/1	100.00
Lau Kin Wai (Resigned w.e.f. 13 December 2021)	1/1	100.00

Board Meetings

Directors	Number of Meetings attended /held in FYE 2021	%
Tan Sri Abdul Halim Bin Ali (Chairman)	6/6	100.00
Datuk Noor Azrin Bin Mohd Noor	6/6	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	6/6	100.00
Datuk Noor Syafiroz Bin Mohd Noor	6/6	100.00
Norliza Binti Kamaruddin	6/6	100.00
Yoong Weng Hong Peter Andrew	1/1	100.00
Lau Kin Wai (Resigned w.e.f. 13 December 2021)	5/5	100.00

NC Meetings

Members	Number of Meetings attended /held in FYE 2021	%
Tan Sri Abdul Halim Bin Ali (Chairman)	3/3	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	3/3	100.00
Norliza Binti Kamaruddin	3/3	100.00

RC Meetings

Members	Number of Meetings attended /held in FYE 2021	%
Norliza Binti Kamaruddin (Chairperson)	3/3	100.00
Tan Sri Abdul Halim Bin Ali	3/3	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	3/3	100.00

ESOS Committee Meetings

Members	Number of Meetings attended /held in FYE 2021	%
Tan Sri Abdul Halim Bin Ali (Chairman)	2/2	100.00
Datuk Syed Izuan Bin Syed Kamarulbahrin	2/2	100.00
Norliza Binti Kamaruddin	2/2	100.00
Daniel Bernd Ruppert	0/2	0.00
Rizalzin Hashim Bin Mohammed	2/2	100.00
Lau Kin Wai (Ceased w.e.f. 13 December 2021)	2/2	100.00

The attendance of the ARMC Meetings held during the FYE 2021 is stated in the **ARMC Report** in this Annual Report.

Prior to accepting new directorships, the Director will notify the Chairman and inform him of the expected time commitment for the new appointment accordingly. The Directors are also required to submit a timely update on their other relevant directorship and shareholdings to the Company Secretaries, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, if so required.

None of the Directors of the Company held more than five (5) directorships in public corporations listed on Bursa Securities.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges faced by the Board. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programs on a regular basis.

During the Applicable Period, four (4) out of the six (6) Directors had attended various training programmes, conferences and workshops, which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The list of trainings/ conferences/ seminars and/or workshops attended by each of the Directors are as follows:-

Directors	List of Trainings / Conferences / Seminars / Workshops Attended / Participated
Datuk Noor Azrin Bin Mohd Noor	<ul style="list-style-type: none"> MBSB-RAM Webinar: Of Lockdowns and Recovery: Where Are We Heading? Hari Libat Urus (Engagement Day) Bersama Pemegang Taruh Bagi Rangka Tindakan (Blueprint) Ekonomi Digital Malaysia (RTEDM) MDEC : Valuation Workshop with Equidam
Datuk Syed Izuan Bin Syed Kamarulbahrin	<ul style="list-style-type: none"> J.P. Morgan Outlook 2020 J.P Morgan Tech Exchange 2020 ESG: Future of Mobility ICDM : Corporate Social Impact Initiative : Leading for Growth & Sustainability in STARTUPS How M&A Professionals are Embracing ESG In the Deal Process ICDM : Board and Executive Remuneration in Times of Crisis - Certificate of Participation
Datuk Noor Syafiroz Bin Mohd Noor	<ul style="list-style-type: none"> BDO Tax Budget Webinar 2021 : BDO Tax Services Sdn Bhd Budget 2022 Seminar : Russell Bedford

Directors	List of Trainings / Conferences / Seminars / Workshops Attended / Participated
Norliza Binti Kamaruddin	<ul style="list-style-type: none"> Stakeholders and Community Engagement Conference by Comfori Sdn. Bhd. Malaysian Code on Corporate Governance updates by Tricor Axcelasia Digital Public Relations by Malaysia Press Institute Related Party Transactions and Recurrent Related Party Transactions by Tricor Global Sustainability is Forever by Malaysian Institute of Corporate Governance ICDM: One Year On: Taking your MACC Act Section 17A Programme to the Next Level ICDM: How Digital is Driving the Transformation

Tan Sri Abdul Halim Bin Ali and Mr. Yoong Weng Hong Peter Andrew did not attend any structures training programmes during the financial year under review. However, they have continuously kept themselves abreast of the relevant changes and developments in the regulatory requirements, laws and accounting standards through the updates from the Company Secretaries as well as briefings by the External Auditors respectively.

During the Applicable Period, the Company Secretaries and External Auditors update the Board on a regular basis the respective changes and amendments to the regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

2022 Training Needs of the Directors

During the Applicable Period, the NC has conducted a review of the training needs of the Directors for year 2022. Upon review, the NC encouraged the Directors to attend at least one (1) continuing education programme in year 2022, whereby it should be in relation to the corporate governance, sustainability, or any other applicable topics which would aid in their discharge of fiduciary/ statutory duties as Directors.

8. Remuneration Committee

The members of the RC comprise exclusively of INEDs that assist the Board in reviewing and recommending the proposed remuneration packages of Directors and senior management of the Company. The composition of the RC is as follows: -

Name	Designation	Directorate
Norliza Binti Kamaruddin	Chairperson	Independent Non-Executive Director
Tan Sri Abdul Halim Bin Ali	Member	Senior Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	Member	Independent Non-Executive Director

The RC's authority and duties as well as functions are clearly defined in the TOR of the RC, which is available for viewing under the "Investors – Corporate Governance" section of the Company's website at www.sedaniainnovator.com.

Summary Of Works

The following works were undertaken by the RC during the financial year under review: -

- (i) Reviewed and confirmed the Minutes of the preceding RC Meeting;
- (ii) Reviewed the proposed revised remuneration packages of the CEO of Offspring Inc Sdn. Bhd.;
- (iii) Reviewed the Directors' fees payable to the Non-Executive Directors and recommended the same to the Board for consideration;
- (iv) Reviewed the benefits payable to the Non-Executive Directors and recommended the same to the Board for consideration; and
- (v) Reviewed the performance evaluations of the eligible CEOs of the Group and recommended the proposed allotment of ESOS to the eligible CEOs of the Group.

Part III – Remuneration

1. Directors' Remuneration

Details of the aggregate remuneration of the Directors during the FYE 2021 are as follows: -

Company

Name	Directorate	Company						
		Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
Datuk Noor Azrin Bin Mohd Noor	Executive Director	-	-	756,000	-	11,159	90,720	857,879
Datuk Noor Syafiroz Bin Mohd Noor	Executive Director	-	-	360,000	-	64,706	49,824	474,530
Tan Sri Abdul Halim Bin Ali	Independent Director	60,000	14,500	-	-	6,333	-	80,833
Datuk Syed Izuhan Bin Syed Kamarulbahrin	Independent Director	30,000	14,500	-	-	6,333	-	50,833

Name	Directorate	Company						
		Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
Norliza Binti Kamaruddin	Independent Director	30,000	14,500	-	-	6,333	-	50,833
Lau Kin Wai <i>(Resigned w.e.f. 13 December 2021)</i>	Independent Director	30,000	7,500	-	-	6,333	-	43,833
Yoong Weng Hong Peter Andrew <i>(Appointed w.e.f. 13 December 2021)</i>	Independent Director	-	-	-	-	-	-	-
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	Independent Director	-	-	-	-	-	-	-
Mohamad Rozaimy Bin Abd Rahman	Independent Director	-	-	-	-	-	-	-
Dato' Azlan Bin Shahrim <i>(Resigned w.e.f. 28 April 2021)</i>	Independent Director	-	-	-	-	-	-	-
Dato' Farshila Binti Emran <i>(Resigned w.e.f. 17 May 2021)</i>	Independent Director	-	-	-	-	-	-	-
Nor Khairi Bin Khalil <i>(Resigned w.e.f. 31 May 2021)</i>	Executive Director	-	-	-	-	-	-	-

Group

Name	Directorate	Group						
		Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
Datuk Noor Azrin Bin Mohd Noor	Executive Director	60,000	-	756,000	-	11,159	90,720	917,879
Datuk Noor Syafiroz Bin Mohd Noor	Executive Director	-	-	360,000	-	64,706	49,824	474,530
Tan Sri Abdul Halim Bin Ali	Independent Director	60,000	14,500	-	-	6,333	-	80,833
Datuk Syed Izuan Bin Syed Kamarulbahrin	Independent Director	30,000	14,500	-	-	6,333	-	50,833
Norliza Binti Kamaruddin	Independent Director	30,000	14,500	-	-	6,333	-	50,833
Lau Kin Wai <i>(Resigned w.e.f. 13 December 2021)</i>	Independent Director	30,000	7,500	-	-	6,333	-	43,833
Yoong Weng Hong Peter Andrew <i>(Appointed w.e.f. 13 December 2021)</i>	Independent Director	-	-	-	-	-	-	-
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	Independent Director	12,000	-	-	-	-	-	12,000
Mohamad Rozaimy Bin Abd Rahman	Independent Director	12,000	-	-	-	-	-	12,000
Dato' Azlan Bin Shahrim <i>(Resigned w.e.f. 28 April 2021)</i>	Independent Director	12,000	-	-	-	-	-	12,000
Dato' Farshila Binti Emran <i>(Resigned w.e.f. 17 May 2021)</i>	Independent Director	12,000	-	-	-	-	-	12,000
Nor Khairi Bin Khalil <i>(Resigned w.e.f. 31 May 2021)</i>	Executive Director	-	-	100,000	-	-	13,624	113,624

2. Remuneration of Senior Management

For the FYE 2021, the aggregate remuneration of the Senior Management members is not disclosed as the Board feels that it is inappropriate to disclose them and has opt not to do so in view of the competitive nature of the human resource market and to support the Company's efforts in attracting and retaining executive talents.

Principle B – Effective Audit And Risk Management

Part 1 – Audit Committee

1. Separation Of The Positions Of The Chair Of The ARMC And The Board

In compliance with Practice 9.1 of the MCCG, the ARMC is chaired by Datuk Syed Izuan Bin Syed Kamarulbahrin, who is a separate person from the chair of the Board.

The membership, a summary of the activities of the ARMC and Internal Audit Function and Activities in respect of the FYE 2021 are stated in the **ARMC Report** of this Annual Report.

2. No Appointment Of Former Key Audit Partners As Member Of The ARMC

In compliance with Practice 9.2 of the MCCG, the TOR of the ARMC has been updated accordingly to formalise the Company's policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

None of the members of the Board or Board Committees were former key audit partners and notwithstanding the above provision and in order to uphold the utmost independence, the Board and Board Committees have no intention to appoint any former key audit partner as a member of the Board and Board Committees.

3. Assessment On External Auditors

In compliance with Practice 9.3 of the MCCG, the ARMC has policies and procedures to assess the suitability, objectivity and independence of external auditors taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. The outcome of the assessment would form a basis of the ARMC in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the AGM.

The ARMC meets the External Auditors concurrently three times a year to discuss their audit plan, audit findings and the Company's financial statements. The ARMC also had a meeting with the External Auditor without the participation of the Management team of the Group. This encourages independence and open dialogue between both parties.

Upon completion of its assessment, the ARMC was satisfied with Messrs. BDO PLT's competency i.e. suitability and independence during the financial year under review and recommend to the Board the re-appointment of Messrs. BDO PLT as External Auditors for the financial year ending 31 December 2022. The Board had in turn recommended the same for shareholders' approval at the forthcoming Eighth Annual General Meeting ("8th AGM") of the Company.

4. Skillsets of ARMC

The ARMC has conducted self and peer evaluation to assess the performance and skillsets of the individual ARMC members and their peers. The evaluation results were compiled by the Company Secretaries and tabled for the NC's review. Based on the results of the assessments, all members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.

Updates on developments in accounting and governance standards are presented by the external auditors at the ARMC meetings. The members of the ARMC have attended various continuous training and development programs as detailed in **Principle A, Section II Paragraph 7** in this Statement.

Part 2 – Risk Management And Internal Control Framework

1. Risk Management and Internal Control Framework

In compliance with Practice 10.1 of the MCCG, the Board has established a framework for risk management and internal control. Set out in this Annual Report, the Board's Statement on Risk Management and Internal Control ("SORMIC") for the FYE 2021, outlines the nature and scope of risk management and internal control of the Group and covers all the Group's operations.

On 29 February 2016, the Audit Committee was renamed to **Audit and Risk Management Committee** with an enhanced role of risk management oversight.

The Board has delegated to the ARMC the task of undertaking a periodic review of the effectiveness, adequacy and integrity of the Group's risk management framework and internal control systems.

The ARMC is responsible to assess proper processes exist for determining, monitoring and reviewing the risk profile of the Groups and the effective communication to the relevant business units.

2. Key Features of Risk Management and Internal Control Framework

The key features of the Company's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the **SORMIC** of this Annual Report.

3. Internal Audit Function

The Group's internal audit ("IA") function is outsourced to an independent professional consulting firm and reports directly to the ARMC.

The IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA's review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

Having reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function of the Group, the ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the IA function, taken the decision to continue with the outsourcing of the IA function.

Further details of the IA Function have been disclosed under the **ARMC Report** of this Annual Report.

Principle C – Integrity In Corporate Reporting And Meaningful Relationship With Stakeholders

Part I – Engagement With Stakeholders

1. Communication with Stakeholders

(a) Corporate disclosures/ Investor relations

The Company is committed to ensure that all information such as corporate announcements, circulars to shareholders (if any) and financial results are disseminated to the general public in a timely and accurate manner.

The Company releases all announcements, material and price sensitive information in a timely manner to Bursa Securities as required under the ACE LR of Bursa Securities as well as releases the Company's updates to the market and community through the Company's website, media releases and other appropriate channels. The EDs authorise and are responsible for approving the release of all major communications to the regulators, shareholders and stakeholders.

(b) Corporate website

To further enhance communication with investors and shareholders, the Company has an "Investors" section on the Company's website at www.sedaniainnovator.com which provides a platform for the shareholders and potential investors to direct their enquiries on the Company.

(c) AGM/General Meeting

Another key avenue of communication with its stakeholders is the general meeting of the Company, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders or proxies appointed by the shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

The Chairman and/or any Directors will avail themselves to provide responses to any questions raised by shareholders at the general meetings.

Part II – Conduct Of General Meetings

1. Notice of AGM

The Notice of the 7th AGM of the Company was circulated and published on 24 May 2021, which was more than 28 days prior to the date of AGM scheduled to be held on 24 June 2021. The Notice of the 7th AGM, which sets out the businesses to be transacted at the 7th AGM, was also published in a major local newspaper.

The notes to the Notice of the 7th AGM also provide detailed explanation for better understanding on the resolutions proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make informed and proper decisions in exercising their voting rights.

2. Directors' Commitment

All the Directors were present at the virtual 7th AGM of the Company held on 24 June 2021 to engage directly with the shareholders and be accountable for their stewardship of the Company.

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.

The EDs ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The Chairmen of the Board Committees were also readily available to address the questions posted by the shareholders at the general meetings.

3. Voting in Absentia and Remote Shareholders' Participation at General Meeting(s)

Rule 8.31A of the ACE LR of Bursa Securities requires that any resolution set out in the notice of general meetings, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting be voted by poll.

At the fully virtual 7th AGM of the Company held on 24 June 2021, the Company had leveraged on technology to hold its AGM virtually via Remote Participation and Voting ("RPV") facilities via online meeting platform at <https://tjih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"). Tricor was also the appointed Poll Administrator of the Company's 7th AGM.

The 7th AGM was conducted in accordance with the Company's Constitution and in line with Rule 8.31 of the ACE Market Listing Requirements of Bursa Malaysia Securities, Section 327 of the Companies Act 2016 and the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia revised on 1 June 2021. The Company had also appointed Asia Securities Sdn. Bhd. ("Asia Securities") as the Independent Scrutineer to verify the poll results at the Company's 7th AGM.

Key CG Future Priorities For Financial Year Ending 31 December 2022 (“FYE 2022”)

- Resilience and continuously adapting to the new normal due to the Covid-19 pandemic;
- Adoption of a “Directors’ Fit and Proper Policy” in compliance with the ACE LR of Bursa Securities before the stipulated timeframe as prescribed by Bursa Securities;
- Looking at formalising a group corporate governance framework for the FYE 2022;
- Ensuring the integrity of the Group’s financial accounting and reporting process be maintained;
- Continuously monitoring on strategic management of material sustainability matters undertaken by Management; and
- Ensuring the internal and external audit process as well as risk management oversight by the Board be duly maintained.

Conclusion

The Board is satisfied that it complies substantially with the Practices of the MCCG during the Applicable Period.

This CG Overview Statement and the CG Report were approved by the Board of Directors via a resolution of the Directors passed on 28 March 2022 .

Management Discussion and Analysis (“MDNA”)

Introduction

This MDNA for Sedania Innovator Berhad (“Sedania” or the “Company”) discusses our financial and operating performance, business indicators and outlook from management’s viewpoint.

This document should be read in its entirety and is intended to complement and supplement the Company’s audited Consolidated Financial Statements (“Financial Statements”) for the year ended 31 December 2021.

Unless otherwise noted, or unless the context indicates otherwise, “Sedania”, the “Company”, “we”, “us” and “our” refer to Sedania Innovator Berhad and its subsidiaries (“Group”). Any statement in this MDNA made by, or on behalf of, management is made in such person’s capacities as officers of Sedania and not in their personal capacities.

Overview Of Group’s Business

Sedania Innovator Berhad (“Sedania” or “the Company”) is an investment holding company with four (4) core activities undertaken by its subsidiaries (collectively, “the Group”). Further details of the Group subsidiaries are further disclosed in Note 08 to the Financial Statements section of this Annual Report.

Our value creation strategy focuses on providing innovations that empower lives sustainably through businesses that are consistently rendering maximum values to the community we serve while satisfying fast-changing user behaviour, turning it into our competitive edge. We specialise innovations in the following

business verticals:

- (a) Sustainable Healthcare
- (b) Sustainable Energy
- (c) Financial Technology (“FinTech”)
- (d) Telco Technology (“TelcoTech”)

The businesses of Sustainable Energy and TelcoTech are carried out via our subsidiary, Sedania Technologies Sdn. Bhd. (“STSB”) while FinTech is carried out via Sedania As Salam Capital Sdn. Bhd. (“SASC”) and Healthcare is carried out via Offspring Inc Sdn. Bhd. (“Offspring”).

In addition to focusing on our core businesses in STSB, SASC and Offspring, we also seek to develop other strategic investment projects to maximise shareholder value. As at 31 December 2021, the Company owns 44.29% equity interest in Vast Meridian Sdn Bhd (“VMSB”) and 36.21% in Esports Pte. Ltd. (“ESPL”).

Our strategic objective is to build a sustainable organisation where we will continue to drive operational efficiencies to remain relevant to the agenda of our clients while creating growth opportunities for our employees and generating returns for our investors.

2021 Overview

Our Group has kick-started the year with a reorganisation exercise carried out through the Company’s acquisition of 51% equity interest in Offspring Inc Sdn. Bhd., a subsidiary of Sedania Corporation Sdn. Bhd.

Following the acquisition, which was completed in January, Offspring became a 51%-owned subsidiary of the Company, and diversified

the Group's business to include the following business activities, namely :

- (a) eco friendly consumer products specialising in healthcare, personal care, household as well as baby and childcare products; and
- (b) health technologies specialising in preventive healthcare technology solutions

Effective 1 January 2021, we recategorised our reporting segments to include Sustainable Healthcare as our new segment. Additionally, we decided to combine Green Technology and Internet of things ("IoT") solutions into one segment called Sustainable Energy.

Our first-quarter result showed outstanding growth. The quarterly revenue peak was contributed by our new Sustainable Healthcare segment, as well as from the completion of 4 energy efficiency projects by our Sustainable Energy segment which were partially backlogged by the MCOs in 2020. About 60% of revenue was contributed by the Sustainable Energy segment and 31% of revenue by the Sustainable Healthcare segment.

In the second and third quarter, our Sustainable Energy segment was adversely impacted by the nationwide lockdown from June to early August 2021 leading to the Group's 37% and 5% revenue decline respectively compared to the preceding quarters. The Sustainable Healthcare segment experienced suppliers and logistical service provider disruptions due to lockdown resulting in lower gross profit margins. Fintech and TelcoTech were largely unaffected from COVID-19 related containment measures due to its digital infrastructure. Compared to the

previous year, the Group showed strong growth results with 618% and 310% revenue increase in Q2 and Q3 respectively.

Performance in the fourth quarter remained consistent with 7% growth in revenue but a drop in net profits to RM0.4 million due to lower gross profits contributed by our Sustainable Healthcare. The lower profit contributions by our Sustainable Healthcare segment in Q4 were due to extraordinary expenses such as deferred staff bonuses from 2020 and additional tax expense for FY 2021.

We ended the year with the Group's best financial performances to date. The two core businesses, Sustainable Healthcare and Sustainable Energy, contributed over 90% of the Group's Operating Profit.

Financial Highlights

1. On 4 January 2021, a reorganisation exercise was carried out through the Company's acquisition of 51% equity interest in Offspring, a subsidiary of Sedania Corporation Sdn. Bhd. for RM15.1 million.
2. Revenue for the year was RM49.1 million, an increase of RM19.4 million or 65% compared to RM29.7 million for the previous year, despite the impacts of COVID-19.
3. Profit after tax was RM10.3 million, increased more than 100% compared to last year due to the increased revenue contributions and better performances from Sustainable Healthcare and Sustainable Energy segments.
4. Profit after tax and minority interest ("PATAMI") was RM8.3 million or RM0.025 per basic share and diluted share compared to net loss of RM8.5 million or -RM0.039 per basic and diluted share last year.

Revenue

The following table shows net revenue by segment for 2021 and 2020:

	FYE 2021 RM'000	Restated FYE 2020 RM'000	Change (+/-)
Sustainable Healthcare	27,036	21,393	26.38%
Sustainable Energy	15,649	1,895	>100%
FinTech	4,159	4,070	2.19%
TelcoTech	2,243	2,370	(5.36%)
Others	11	3	>100%
Total Revenue	49,098	29,731	65.12%

The Group revenue increased from RM29.7 million to RM49.1 million during the financial year, an increase of 65% as compared to the previous financial year ("FY 2020").

The increase in revenue was mainly due to the following:

1. Increase in Sustainable Energy segment revenue of RM13.8 million compared to FY 2020. The segment completed eight (8) energy efficiency projects, of which six (6) were recognised under a 10-year leasing contract (Energy Performance Contract) with a major telecommunication client; and two (2) projects were recognised as outright purchase of energy saving solutions to a bank client. In total, the completed projects have achieved for its clients an average energy saving rate of 25% equal to approximately 14,500 kWh or RM7 million per year.

2. Increase in the Sustainable Healthcare segment of RM5.6 million or 26.38% compared to FY 2020 mainly due to increase in online sales from its own webstore at offspringinc.com as well as from third party online marketplaces namely Lazada, Shopee Malaysia, GrabMart and Babydash. In addition, the increase in revenue was also due to the increased sales from local offline retailers comprising departmental stores, supermarkets and specialty stores such as Aeon, Jaya Grocer, Village Grocer, Watsons, Mothercare and Happikiddo. Our Offspring products are now available in 20 countries - with Cambodia, Spain, South Korea, Finland, Thailand, Myanmar, Bahrain and Maldives being the latest additions.
3. Marginal increase in Fintech's As-Sidq transaction revenue of 2.19% or RM89,000 compared to FY 2020. Despite processing more successful commodity trade transactions under its As Sidq platform by 12% to 136,847 transactions compared to 122,067 successful transactions performed in FY 2020, revenue from As Sidq platform is comparable with the previous year due to lower average brokerage fee in 2021.

PBT & Expenses

The Group's profit before tax was RM12.2 million compared to loss before tax of RM7.04 million in FY 2020. The improvement was due to the increased revenue in Sustainable Healthcare and Sustainable Energy as well as lower operating expenses compared to FY 2020. Both segments are the biggest earnings contributors to the Group compared to the previous year.

Operating expenses decreased by 25.4% to RM16.3 million during the year compared to RM21.8 million in FY 2020 largely due to lower provision for impairment on trade and lease receivables of RM2.0 million as compared to RM7.6 million in FY 2020.

The decrease was offset by higher advertising and promotion expenses. Advertising and promotion expenses rose by 76.22% or RM0.66 million as the Group spent on marketing and trade promotional plans to increase our capabilities and reach for Sustainable Healthcare products, both online and offline.

Total finance costs increased by 1.09% to RM243,000 mainly from increased trade finance products used to facilitate our procurements.

The weighted average effective interest rate of borrowings of the Group is 5.17% (2020: 4.45%) per annum for term loan and 4.70% (2019: 4.46%) for lease liabilities.

Assets

As at 31 December 2021, our total assets increased by 26% to RM51.9 million from RM41.0 million as at 31 December 2020 mainly due to higher current and non-current assets.

Trade & Finance Lease Receivables

Trade receivables increased by 36% from RM10.4 million in 2020 to RM14.11 million during the financial year. This was primarily due to higher sales during the current financial year as compared to collection.

Likewise lease receivables increased more than 100% to RM18.1 million from RM8.7 million in FY 2020 due to fresh roll-outs of Sustainable Energy solutions with the existing client in the financial year, in tandem with higher revenue contributions from this segment.

Inventories

There was a significant increase in inventories to RM7.1 million from RM4.0 million at the end of previous year. This mainly consists of RM3.0 million increase in Sustainable Healthcare buffers for inventory and capacity. As such, inventory turnover in 2021 was 2.26 times (2020: 3.81 times) and days' sales in inventory has increased to 162 days (2020: 99 days).

Liabilities

As at 31 December 2021, our total liabilities decreased by 53% to RM10.9 million from RM23.1 million as at 31 December 2020. The reduction in total liabilities is mainly driven by reduction in amount due to the ultimate holding company of RM13.2 million being partial payment for acquisition of Offspring from Sedania Corporation Sdn. Bhd. Trade and other payables also decreased by RM1.0 million or 72% as compared to the previous year.

As at 31 December 2021, our Group has outstanding borrowings of approximately RM5.1 million (2020: RM2.8 million) and lease liabilities of RM1.1 million (2020: RM1.5 million).

Shareholders' Equity

Total equity attributable to owners of the Company as at 31 December 2021 increased to RM40.9 million as compared to RM17.9 million as at 31 December 2020.

During the year, the Company completed listing and quotations of ESOS exercises and a private placement, resulting in the increase in the share capital from RM52.9 million to RM65.7 million.

	No. of Shares	RM'000
As at 1.1.2021	302,191,652	52,895
Ordinary shares issued pursuant to the ESOS	1,464,000	303
Ordinary shares issued pursuant to the Private Placement	43,533,400	12,451
As at 31.12.2021	347,189,052	65,649

Dividend

Despite declaring interim dividends every year for 2015, 2016 and 2017 respectively, our Group does not have any formal dividend policy.

The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Our ability to pay future dividends to our shareholders is subject to various factors including but are not limited to, our financial performance, cash flow requirements, availability of distributable reserves, and capital expenditure plans.

Liquidity And Capital Resources

The Company believes its balances of cash, cash equivalents and short term deposits, which totalled RM13.3 million as of 31 December 2021, along with cash generated by ongoing operations and continued access to debt markets, will be sufficient to satisfy its projected cash requirements, debt commitments, support operations and finance capital expenditure over the next 12 months and beyond.

Anticipated Or Known Risks

We are exposed to a variety of continually changing risks that have the potential to affect our business and financial condition. We have established policies and procedures for managing our business risks arising from our core business segments covering Sustainable Healthcare, Sustainable Energy, FinTech and TelcoTech.

Our plan and strategies to mitigate the following top and emerging risks are disclosed below:

Risk	Description	Mitigation
<p>Disruption and Uncertainty in Business due to COVID-19 Pandemic</p>	<p>The COVID-19 and its related variants has caused us to modify several of our business practices and operations and we may take further actions as may be required by government authorities or that we believe are in the best interests of our employees, customers, partners, suppliers and other stakeholders. Working from home arrangements have impacted the way that we conduct our product development, customer support, sales and other activities, which could have an adverse effect on our operations. While our business team is pursuing new sales contracts and renewals while working from home, prolonged restrictions or limitations on the ability of our business team to travel to meet prospective or existing customers in person may adversely affect our ability to generate future revenues. Illness and workforce disruptions could also lead to the unavailability of senior management or other key personnel and adversely impact our ability to perform critical functions.</p>	<p>We implemented Work-From-Home (“WFH”) protocols for our employees as an alternative temporary arrangement during nationwide lockdown in 2020 and 2021. Daily team video calls, interactions over chats and email and frequent updates from HR and senior management have helped mitigate any feeling of isolation. During the period where working in office was allowed, we provided guidance and mandate of appropriate social distancing and safety measures in our premises. While we did experience COVID-19 cases amongst our employees, we were able to effectively contain the situation and safeguard our other employees as well as their immediate family members.</p>
<p>Competition</p>	<p>Risk of loss when actions of our competition such as new product innovations and price discounts can negatively impact our business .</p>	<p>We strive to constantly improve our competitive edge and take measures such as providing distinct and comprehensive product offerings at competitive pricing, as well as responding to changes in customer preferences.</p>

Risk	Description	Mitigation
	<p>Our ability to compete successfully will depend on marketing and on our ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment that may affect our competitors and us differently, new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and pricing strategies by competitors. Increasing competition may reduce our revenues and increase our costs as well as require us to increase our capital expenditures and thereby decrease our cash flow.</p>	
<p>Reliant on contributions from key customers</p>	<p>We have a number of key customers that in aggregate, contribute a significant portion of the Group's revenue. We may have a greater exposure to fewer Sustainable Healthcare, Sustainable Energy, FinTech and TelcoTech customers where slow down decision-making or delay planned renewals or implementations as a result of economic conditions (including those related to the COVID-19 pandemic), may disrupt historical spending patterns.</p>	<p>To better serve the needs of our existing key customers and to attract new customers, we shall continue to enhance and improve our existing products and services, develop new products and services, invest in new technology, plan to acquire new businesses and/or partner with other businesses that would allow us to offer a broader array of product and services.</p>

Risk	Description	Mitigation
	<p>There can be no assurance that our relationship with our key customers will continue, and a significant reduction or total loss of business from our key customers, if not offset by sales to new or existing customers, may have adverse effects on our business, results of operations, cash flows and financial conditions.</p>	
<p>Non-collectability of trade receivables</p>	<p>Risk of loss from a debtor failing to make payment or payments due to us.</p> <p>Non-collectability will adversely affect our cash flow, financial position, results of operations and business prospects.</p>	<p>We acknowledge the importance of sound credit control and seek to mitigate the risk by monitoring the outstanding trade receivables of the Group and undertaking relevant measures to ensure our trade receivables are maintained at a manageable level at all times. Allowances for non-performing and past due receivables are reviewed on at least on a monthly basis. Account receivables are considered impaired when there is objective evidence that a customer may default. We also continuously monitor our cash flow and maintain an action plan for any receivable beyond its credit term.</p>
<p>Third-party risk</p>	<p>Risk of loss resulting from financial position, credit worthiness or capability of our business partner in a business venture or project that impacts ability to carry out our responsibilities to clients.</p>	<p>We endeavor to mitigate such risks by employing a number of measures, which include aligning the project/business to key performance indicators, and regularly monitoring our risk and exposure.</p>

Risk	Description	Mitigation
<p>Supply chain vulnerabilities and disruptions</p>	<p>Risk of loss that a supplier will fail to deliver their commitments to us. Significant raw material shortages, supplier capacity constraints, supplier or customer production disruptions, supplier quality and sourcing issues or price increases can increase our operating costs and adversely impact the competitive positions of our products and solutions.</p>	<p>We monitored the impact of supply chain interruptions across our businesses, in particular due to the COVID-19 pandemic in 2020 and 2021, by taking precautionary measures for supply chain risk mitigation and management. Amongst others, our contingency plan for resilience and viability strategies is to work with vendors in our supply chain to develop a unified disaster recovery plan to ensure business continuity, and diversified our supplier network to reduce reliance on a single supplier.</p>
<p>Operational and infrastructure risks</p>	<p>Risk of loss resulting from ineffective or failed internal processes, people, organisational structure, facilities systems or external events that can disrupt the flow of our business operations.</p>	<p>We seek to mitigate operational and infrastructure risks by anticipating and proactively deterring risks events. Within our Group, each operating segment is responsible for controlling its respective operational and infrastructure risks by assessing, managing and mitigating the risks arising from changes in business volumes and cost structures, among other factors.</p>

Outlook Trends and Prospects

A resurgence of the COVID-19 has inevitably altered the course of recovery in global economies. A confluence of factors such as rapid spread of the Omicron variant, inflation and persistent supply-chain bottlenecks could result in increasing risk of a hard landing for many economies.

Consequently, the World Bank, which expected global growth to hit 5.5% in 2021, warned of slower growth through 2023. It expected a markedly decelerated growth of 4.1% and 3.2% in 2022 and 2023 respectively on the back of dissipating pent-up demand and easing of monetary support across the globe.

Meanwhile, Bank Negara Malaysia has projected the Malaysian economy to expand between 5.5% and 6.5% in 2022 due to the resumption of economic activities, higher private sector expenditure, continued policy support and expansion in global demand.

The Malaysian government announced a 'Transition to Endemic' phase of COVID-19 beginning 1 April 2022, and life and business activities are expected to return to normal with positive contributions to the country's economic growth.

For Sedania, its two core segments Sustainable Energy and Sustainable Healthcare will remain key growth drivers and profit contributors to the group. The market outlook for both segments is positive.

Sustainable Healthcare

In 2021, Offspring expanded to over 20 countries through exclusive distribution contracts. Most of these countries are expected to start contributing to Offspring's sales in 2022 onwards, typically with high growth for the first 2-5 years.

The strongest market driver is the rising public concern about environmental impact from consumer products. Purchase behaviour plays a key role as it is associated with the choice of products by consumers who are increasingly taking into account environmentally-friendly criteria. According to a global analysis by World Wildlife Fund, the popularity of internet searches for sustainable goods around the world has surged by 71% in just five years.

Furthermore, consumers have shifted towards online-shopping, in particular for consumable items which are purchased regularly.

According to a recent survey conducted by Facebook and Bain & Co in their annual SYNC Southeast Asia report, there was a 47% year-on-year increase in online shoppers in 2021 with an uptick in items for children and babies.

The Offspring brand stands for eco-friendly consumer products and its reputation is supported by over 12 certificates and credentials. The brand targets specifically well-informed parents who care for the safety of their children and for the environment. Offspring sold over 13 million baby wipes which are biodegradable in 28 days, resulting in over 110 metric tons less waste in landfills.

Offspring pursues an online-centric global sales approach. Our web store's integration to all key online marketplaces such as Amazon, Walmart, Qoo10, Shopee, Lazada and GrabMart, enables our customers to purchase Offspring conveniently through their preferred channel. In addition, our country-specific social media accounts support the global marketing efforts.

Sustainable Energy

The interest and demand for Sustainable Energy has grown exponentially, in particular over the last 2 years driven by voluntary and mandatory adoption of sustainable practices. In 2016, Sustainability reporting was made mandatory for public listed companies.

Furthermore, ESG considerations are becoming an integral part of the decision making by institutional investors, thus applying pressure on companies to adopt ESG. As a consequence, the FTSE4Good Bursa Malaysia Index increased to 80 constituents in 2021. Furthermore, the Employees Provident Fund (EPF) launched its sustainable investment policy and announced its target to have a fully ESG-compliant portfolio by 2030.

Another market growth driver will be a carbon exchange market which enables businesses, governments, nonprofit organizations, universities, and municipalities, to purchase and offset their carbon emissions. The Malaysian government's Budget 2022 included the establishment of a Voluntary Carbon Market initiative to be launched under Bursa Malaysia.

Sedania is prepared and ready for the growing demand. The company expanded its Energy Efficiency (EE) services to include Renewable Energy (RE), in particular commercial rooftop solar photovoltaic (PV), and registered as Registered Solar PV Investor (RPVI) with SEDA Malaysia.

Sedania is able to offer comprehensive "Sustainability-as-a-service" enabling its corporate clients to become fully energy sustainable. Hence, we anticipate Sedania to play a key role in the sustainable energy market over the next 10 years.

As a group, we remain passionate and highly motivated to step up our efforts in expanding our Sustainable segments. We believe in our purpose to enable others, corporations and consumers alike, to reduce their carbon footprint and therefore help stop climate change.

Audit And Risk Management Committee Report



The Board of Directors (“the Board”) of Sedania Innovator Berhad (“the Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the financial year ended 31 December 2021 (“FYE 2021”) which provides insights to the manner in which the ARMC had discharged its functions during the FYE 2021, in compliance with Rule 15.15(1) of the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance (“MCCG”).





Authority



Pursuant to Clause 17.1(a) of the Board Charter, the Board has established an ARMC to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and its subsidiaries (“the Group”). In addition, the ARMC also assisted in fulfilling the Board’s stewardship accountability to its shareholders and financial stakeholders. The ARMC is committed to its role in ensuring the integrity of the Group’s financial reporting process and monitoring the management of risk and system of internal controls, external and internal audit process, and such other matters that may be specifically delegated to the ARMC by the Board.

Compliance Dashboard

The ARMC is pleased to provide below a snapshot of the key Corporate Governance compliance by the ARMC for the FYE 2021:-

MCCG Practices	Applications by the Company	
Practice 9.1 Chairman of the Audit Committee is not Chairman of the Board	Chairman of the Board  Tan Sri Abdul Halim Bin Ali	Chairman of the ARMC  Datuk Syed Izuan Bin Syed Kamarulbahrin

MCCG Practices	Applications by the Company
<p>Practice 9.2</p> <p>Cooling-off Policy of at least 3 years for any former partner of external audit firm and/or affiliated firm(s)</p>	
<p>Practice 9.3</p> <p>Policies & Procedures to assess the suitability, objectivity and independence of external auditors</p>	
<p>Step-up Practice 9.4</p> <p>The Audit Committee comprises solely of independent directors</p>	<p>The ARMC comprises solely of three (3) INEDs</p> 
<p>Practice 9.5</p> <p>AC Members possess wide range of skills and financially-literate</p>	<p>ARMC members with diverse background, experience and skills, financially-literate and understand the financial reporting process</p> 

MCCG Practices	Applications by the Company
<p>Practice 11.1</p> <p>Effective and independent internal audit function</p>	<p>Appointed outsourced independent internal auditors, Talent League Sdn. Bhd.</p> 
<p>Practice 10.1</p> <p>Establish effective risk management and internal control framework</p>	<p>ARMC assumed Risk Management Committee function – to oversee the Group’s risk management framework and policies</p> 

1. Composition

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors (“INEDs”) who satisfied the test of independence under the ACE LR of Bursa Securities. The current composition of the ARMC complies with Rules 15.09(1)(a) and (b) of the ACE LR of Bursa Securities and Step-Up Practice 9.4 of the MCCG. All members of the ARMC are financially- literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.

The current composition of the ARMC are as follows:-

Name	Designation	Directorship
Datuk Syed Izuan Bin Syed Kamarulbahrin	Chairman	Independent Non-Executive Director
Tan Sri Abdul Halim Bin Ali	Member	Senior Independent Non-Executive Director
Norliza Binti Kamaruddin	Member	Independent Non-Executive Director

The Audit Committee of the Company was established on 25 July 2014 and subsequently renamed as Audit and Risk Management Committee on 29 February 2016, to incorporate the additional oversight on risk management activities of the Company and the Group.

The Chairman of the ARMC, Datuk Syed Izuan Bin Syed Kamarulbahrin is a Chartered Accountant by profession and a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is not the Chairman of the Board. The ARMC, therefore meets the requirements of Rule 15.09(1)(c) of the ACE LR of Bursa Securities and Practice 9.1 of the MCCG.

2. Meetings And Attendances

A total of six (6) ARMC meetings were held during the FYE 2021. Details of attendance of each member at the ARMC meetings were as follows:-

Members	Number of Meetings attended in FYE 2021	Total Attendance (%)
Datuk Syed Izuan Bin Syed Kamarulbahrin	6/6	100.00
Tan Sri Abdul Halim Bin Ali	6/6	100.00
Norliza Binti Kamaruddin	6/6	100.00

The Chairman of the ARMC reports to the Board on principal matters deliberated at the ARMC meetings. Minutes of each ARMC meeting were recorded by the Company Secretaries and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for their notation.

In addition, the Group Executive Director, Group Chief Executive Officer, Group Chief Financial Officer, key management, External Auditors and outsourced Internal Auditors were invited by the ARMC to attend the ARMC meetings on an as-needed basis to provide and present reports or information during the deliberation of matters pertaining to their respective areas.

The ARMC also had private discussion sessions with the External Auditors without the presence of Management where they were given opportunity to raise any concern or professional opinion and thus, to be able to exert its functions independently.

3. Assessment On Term Of Office And Performance Of The ARMC

The Nomination Committee (“NC”) had on 28 March 2022, reviewed the term of office and performance of the ARMC as well as whether its members have carried out their duties in accordance with the Terms of Reference (“TOR”) of the ARMC for the FYE 2021.

Upon review, the NC is satisfied with the overall performance of the ARMC and its members for the FYE 2021. The NC had subsequently reported the outcome of assessment to the Board for notation.

4. Terms Of Reference

The authority, duties and responsibilities of the ARMC are set out in its TOR. The ARMC has updated its TOR specifically on the requirement for a former partner of the Company’s external auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

A copy of the updated TOR of the ARMC is available for reference under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

5. Summary Of Works Of The ARMC

During the FYE 2021, the summary of works carried out by the ARMC in discharging its responsibilities as set out in its TOR were as follows:-

(a) Financial Reporting Review

- (i) Reviewed the unaudited quarterly financial results and the annual audited financial statements, before recommending the results to the Board for deliberation and approval for announcement to Bursa Securities, focusing particularly on:
 - a. The overall performance of the Group;
 - b. The prospects of the Group;
 - c. The changes in and implementation of major accounting policies and practices; and
 - d. Compliance with the Malaysian Financial Reporting Standards (“MFRS”), the ACE LR of Bursa Securities and other legal requirements.
- (ii) Reviewed the annual budget of the Group for the FYE 2021 and recommended the same to the Board for approval and adoption;
- (iii) Reviewed the financial performance and financial highlights of the Group on quarterly basis; and
- (iv) Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR of Bursa Securities on quarterly basis.

(b) External Auditors

- (i) Reviewed and approved the External Auditors' Audit Planning Memorandum for the FYE 2021 outlining the engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team as well as reporting timetable, deliverables and audit fees;
- (ii) Received assurance of independence by the engagement partner and his engagement team.
- (iii) Reviewed and approved the External Auditors' scope of the statutory audit of the Company and the Group's financial statements for the FYE 2021;
- (iv) Evaluated and assessed the performance and effectiveness of the External Auditors and made recommendations to the Board on the re-appointment and remuneration of the External Auditors;
- (v) Reviewed the draft audit report and annual audited financial statements of the Company and issues arising from the financial statements, together with the External Auditors' management letter and management's responses;
- (vi) Updated by the External Auditors on changes to relevant accounting standards, regulatory and statutory requirements;
- (vii) Met with the External Auditors without the presence of the Executive Directors and Management to discuss any issues that may have arose from the external audit and obtain feedbacks from the External Auditors;
- (viii) Reviewed the ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval and inclusion in the Company's Annual Report; and
- (ix) Reported to the Board on its activities, any significant issues and results.

(c) Internal Auditors

- (i) Reviewed and approved the Internal Audit Plan for the FYE 2021 outlining the Internal Auditors' scope of work, annual audit plan and budget for the year to ensure adequacy of resources, competencies and the scope of coverage;
- (ii) Received assurance of independence by the engagement partner and his engagement team.
- (iii) Reviewed the status report and recommendations for corrective action plans submitted by Internal Auditors on their risk-based internal audit assignments (where appropriate, the ARMC instructed management to rectify and improve the systems of internal controls based on the Internal Auditors' recommendations and suggestions to ensure control lapses are addressed);
- (iv) Reviewed the progress updates on the follow-up review of the previous Internal Audit

- Reports; and
- (v) Reviewed and assessed the objectivity, performance and independence of the outsourced Internal Auditors.

(d) Risk Management Oversight

- (i) Examined the risk element of the various proposed investments and/or joint ventures to be undertaken by the Management and sought clarification and assurance from the Management on risk mitigation measures to the identified risks; and
- (ii) Exercised greater vigilance and sought assurance from Management on measures to anticipate and address material Environmental, Social and Governance (“ESG” risks and opportunities.

(e) Review of Related Party Transactions

- (i) Reviewed and monitored any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity on quarterly basis; and
- (ii) Reviewed and deliberated on all proposed RPTs to be entered into by the Group to ensure that the proposed transactions to be entered into were in the best interest of the Group, fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of the Company.

The Board is satisfied that the ARMC has carried out their responsibilities and duties in accordance with its TOR.

6. Internal Audit Function

(a) Internal Auditors

The Group appointed Talent League Sdn. Bhd. (“**Internal Auditors**”), as independent professional internal audit service provider to carry out its internal audit function. A team of three (3) people completes the Internal Audit structure helmed by Mr. Hong Cheong Liang, CA(M), CPA(AUS), CMIIA. The Internal Auditors were engaged to conduct regular reviews and appraisals of the effectiveness of the internal control system, governance and risk management within the Company and the Group in accordance to a structured and recognised framework.

The Internal Auditors report directly to the ARMC and are provided full access to all the documents relating to the Company and the Group’s Governance, Financial and Operational aspect divisions.

(b) Summary Of Works Of The Internal Audit Function For The FYE 2021

A summary of work of the internal audit function (“**IA Function**”) for the FYE 2021 are as follows:-

1. Formulated the internal audit plan and presented the plan to the ARMC for review and approval;
2. Performed internal audit work in the following areas in accordance with the approved risk-based internal audit plan:-
 - Q1 2021: Human Resource Management;
 - Q2 2021: Sales and Customer Care/ Sales Administration;
 - Q3 2021: Supply Chain Management (Inventory Management); and
 - Q4 2021: Business Development and Credit Risk Management.
3. Based on the audit reviews carried out, the Internal Auditors reported the results of the audit reviews to the ARMC. The reports highlighted internal control weaknesses or deficiencies identified and corresponding recommendations for improvements; and
4. Followed up on the status of implementation of Management action plans carried out and reported the same to the ARMC.

(c) Total costs incurred for the FYE 2021

The total cost incurred for the internal audit function of the Group for the FYE 2021 was RM51,000 (FYE 2020: RM55,000/-).

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the internal audit function.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 122 to 129 of this Annual Report.

The ARMC Report was presented and approved at the meeting of the Board of Directors held on 28 March 2022.

Statement On Risk Management And Internal Control

1. Introduction

The Board of Directors (“**Board**”) of Sedania Innovator Berhad (“**Company**”) and its subsidiaries (“**Group**”) is pleased to present the Statement on Risk Management and Internal Control (“**Statement**”) which outlines the nature and scope of risk management and internal control system of Sedania Innovator Berhad and its subsidiaries (“**the Group**”) for the financial year 31 December 2021 pursuant to Rule 15.26(b) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, Malaysian Code on Corporate Governance (“**MCCG**”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**Guidelines**”) issued on 31 December 2012.

2. Responsibility For Risk Management And Internal Controls

The Board affirms it is committed to establishing and maintaining a sound, effective and efficient system of risk management and internal controls system, and periodically reviewing the adequacy and integrity of those processes. The risk management and internal controls system provide risk oversight, sets the tone at the top, develops risk culture and reviews the business objectives to be in line with the Group’s risk profile.

The Board recognises that due to inherent limitations, the Group’s system of internal control is designed to manage the Group’s risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the Board is also of the view that the Group’s system of internal control can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board believes that the review on the adequacy and effectiveness of the system of internal control and risk management is a concerted and continuous process. Such reviews are conducted through the various committees established by the Board and Management. The Board has, through the Audit and Risk Management Committee, carried out the process of identifying, evaluating, monitoring and managing the key operational and financial risks affecting the achievement of its corporate objectives throughout the period.

The Board is of the view that the system of internal controls in place for the year under review is sound and adequate after taking into consideration the costs and benefits to safeguard the Group’s assets and protect the stakeholders’ interests in ensuring achievement of the business objectives and enhancing shareholder value.

3. Risk Management

The Board acknowledges that effective risk management is an essential and indispensable part of corporate management. The Group strives to manage risk effectively with a view to protect assets and

stakeholders, ensuring achievement of the business objectives and enhancing shareholder value.

The Board further acknowledges that risk management is an ongoing process and business risks are embedded and forms an important part of the internal control system of the Group. As such, continuous efforts are made to improve the policies, processes, people and structures within the Group.

The Board, assisted by the Audit and Risk Management Committee (“ARMC”), approves the overall risk management framework, reviews and approves the Group’s risk profiles against the agreed risk appetite. Responsibility for risk management resides at all levels within the organisation from the executive to the operational level at all business units and business support functions.

Weekly management meetings attended by Executive Directors, Chief Executive Officers, Heads of Department and key management team are held to discuss key operational issues, business performance matters, new business ventures and appropriate mitigating risk response strategies and controls.

The above risk management framework facilitates and enhances the ability of the Board and Management to manage risks within defined risk parameters and risk standards at the acceptable tolerance level.

4. Internal Audit Functions And Effectiveness Of Internal Control

The Group’s internal audit function is outsourced to an independent professional consulting firm, Talent League Sdn. Bhd. The duty of the internal audit is to examine and evaluate major processes of operations of the Group, while providing control assurance services to the Board in order to assist Board members in the effective discharge of the Board’s responsibilities.

The Internal Audit (“IA”) Consultant aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently perform follow-up reviews to determine the extent to which the recommendations have been implemented.

IA Consultant reports independently to the ARMC. In the course of performing its duties, IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA Consultant adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The performance of the internal audit function is carried out as per the annual audit plan approved by the Audit and Risk Management Committee.

During the financial year under review, four cycles of risk-based internal audit assignments were carried out for the Group and the Company as follows:

Q1 2021 : Human Resource Management
Q2 2021 : Customer Care and Administration
Q3 2021 : Inventory and Supply Chain Management
Q4 2021 : Business Development and Credit Risk Management

The audit reports are presented and tabled at the quarterly ARMC meetings to preserve its independence and integrity. The internal control findings, weaknesses and recommendations as well as the management responses and action plan were deliberated during the quarterly ARMC meetings. The key management team is responsible to address and resolve areas with control weaknesses within the required time frame, and that the control procedures are in place and being followed.

5. Other Key Internal Controls

The Board is committed to maintaining a strong control structure and environment to facilitate the proper conduct of the Group's businesses and operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are as stated below:

- **Organisational Structure**

The Group has in place an organisational structure that is aligned to business efficacy and operational requirements, with clearly defined lines of accountability, responsibility and delegated authority. The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the key management team, but also by delegation of authority to the independent board committees such as the Audit and Risk Management, Nominating, Remuneration and Employee Share Option Scheme Committees in specific areas for enhanced internal control and corporate governance. These Board Committees are all governed by clearly defined terms of reference.

- **Executive Review and Management Meetings**

There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogue with senior management of the respective business units.

Management Meetings, attended by the Executive Directors, Group Chief Executive Officer and respective Head of Department are held on a weekly basis to identify, discuss and report on operational performance, business strategy, financial and key management issues for effective monitoring and facilitating informed management decision making. In addition to the regular meetings, other ad hoc meetings are convened as and when necessary to stay on course of achieving the Group's goal and objectives.

- **Policies, Procedures and Financial Authority Limits**

The Group has in place documented policies and procedures to govern the financial and operational functions, and internal control system of the Group. The objectives of the policies and procedures are to ensure ethics, compliance with applicable laws and regulations, internal control principles and mechanisms are embedded in operations and that there is a clear line of responsibility and accountability among the business units of the Group. Some of the key policies and procedures implemented within the Group are:

- a) **Group's Authority Manual**

The Group's Authority Manual assigns authority to the Board and to the appropriate level of Management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time provides check and balance on the amounts and types of commitments that Management can undertake on behalf of the Group. The Authority Manual is approved by the Board and is regularly updated as and when is necessary in line with the changes in the organisation.

- b) **Operational Manuals**

Operational manuals for business units are available within the Group and set out policies and procedures for day-to-day operations and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

- c) **IT Policies and Procedures**

The IT Security Policy incorporates the Corporate Policy on among others, the usage of personal computer software, E-mail and internet; management of IT assets, security implementation for the antivirus level protection and hardware systems support procedures. It is established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information and data processing.

- d) **Whistle-blowing Policy**

The Group's whistle-blowing policy guides employees of the Group in communicating and reporting instances of illegal or immoral conduct to the appropriate parties within the Group and at the same time protecting these employees against victimisation, discrimination or being disadvantaged in any way arising from such communications. Arrangements are in place for the proportionate and independent investigations on all allegations or reports from within or outside the Group with appropriate follow up actions. The policy builds into the Group's culture,

abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group.

e) Group Communication Policy

The Board has also adopted a Communication Policy to ensure that all decisions made are communicated promptly to all staff at all levels within the Group and to enable the Group to communicate effectively with its shareholders, major investors, other stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

f) Human Resource Policy

The Group has implemented a Human Resource Policy and Code of Conduct that sets out general employment terms and conditions and sets the tone for control consciousness and employee conduct. It is designed to provide guidelines to employees with the objective of ensuring issues and matters during the tenure of their employment are properly understood by all employees. It is a written guideline which clearly defines the organisation's DNAs, values, policies, company's expectations of employees and employee's expectations toward the Company.

The Group has also incorporated Talent and Succession Management policies and procedures within the Human Resource Policy. This is part of the Group's organisational development initiative to ensure leadership and talent continuity for all key positions and to enhance the Group's capability to systematically identify, evaluate, develop, deploy and retain those who are qualified, eligible and suitable to be potential successors for Senior Level Mission Critical Positions.

g) Anti-Bribery and Corruption Policy

As part of the Group's compliance with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the MACC (Amendment) Act 2018 and any amendments or re-enactments that may be made by the relevant authority from time to time, the Group has put in place an Anti-Bribery and Corruption Policy ("AB & C Policy") comprising policies and procedures, and a compliance, monitoring and reporting framework for the Group.

This policy aims to ensure that all employees and associated persons of the Group are aware of their obligation to disclose any corruption, bribery, conflict of interest or similar unethical acts that they may have, and to comply with the Policy to follow the highest standards of ethical conduct of business.

In addition, internal control procedures have been set out in a series of other standard operating practice manuals and business process manuals to serve as guidance for proper measures to be

undertaken and are subject to regular review, enhancement and improvement to ensure that they stay relevant and to align with the best practices.

- **Strategic Business Planning, Budgeting and Reporting**

A Group strategic business planning process is in place where the financial planning is correlated to the Group's strategic business plans. The Group performs an annual budgeting and forecasting exercise including development of business strategies and establishment of key performance indicators against which units within the Group can be evaluated. The Group's strategic direction is also reviewed annually in light of the prevailing market conditions and significant market risks.

Financial performance and Monthly Management Accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budget, with detailed explanations provided for material variances, reviews of internal and external factors contributing to performance, and management actions taken to improve the results. Variances against budget are analysed and reported internally on a monthly basis in Management meetings.

- **Performance Reporting and Monitoring**

On a quarterly and annual basis, the financial performance and progress of key projects are reported, and reviewed by the Board to enable them to gauge the Group's achievement of its annual targets and review any key financial and operational issues.

The ARMC reviews the quarterly financial statements with the Chief Financial Officer and Group Chief Executive Officer before it recommends to the Board for approval to release the financial results to Bursa Malaysia. The audited accounts are reviewed with the external auditors before recommending them to the Board for tabling them to the shareholders at the annual general meeting.

- **Investment Appraisal**

Major investment proposals on mergers and acquisitions as well as long-term business investments are thoroughly reviewed and appraised by the ARMC, before recommending them to the Board.

- **Insurance and Physical Safeguards**

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguards against any mishap that will result in material losses to the Group.

- **Human Resource Management System**

A structured Performance Management System has been developed as a means to instil a performance culture within the Group and to align operations with corporate objectives as well as employees' interest with the shareholders.

To assess and reward staff, the Group carries out formal appraisals on an annual basis to maintain high competency and capability levels.

In addition, compensation is a critical area of human resource management, and one that can greatly affect employee behaviour. As such, the Company has established a grading and compensation structure comparable to market as part of the commitment to attract and retain good talents in the Group.

Manpower planning, selection, recruitment and promotion guidelines are established and carried out to ensure that key positions within the Group are filled by staff with the appropriate calibre and the relevant competencies to support the achievement of the Group's objectives and to effectively manage the risks to ensure achievement of these objectives. A computerised Human Resource Management System provides a comprehensive employee database and an efficient support system for managing human resource functions. In addition, all new hires are required to attend a New Hire Orientation / Induction program when they join the Group.

6. Weakness In Internal Controls That Result In Material Losses

The Management identified minor internal control weaknesses during the period, all of which are being addressed. No major internal control weaknesses were identified nor did any of the reported weaknesses result in material losses or contingencies requiring disclosure in the Group Annual Report. Management continues to take measures to strengthen the control environment.

7. Assurance Statement By Key Management Team

The Executive Directors, Group Chief Executive Officer and Chief Financial Officer ("Key Management Team") have provided assurance to the Board, to their best knowledge and believe, that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, and there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

This statement does not include the state of internal control in associated companies, which have not been dealt with as part of the Group.

8. Review Of The Statement By External Auditors

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Audit and Assurance Practise Guide 3: Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report (“AAPG 3”) issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

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

9. Conclusion

The Board has reviewed the adequacy and effectiveness of the Group’s risk management processes and system of internal control for FYE 2021 and up to the date of this Statement and is of the view that the risk management processes and system of internal control are in place for the period covered by this Statement for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement was approved by the Board of Directors on 28 March 2022.

Other Additional Compliance Information

Utilisation Of Proceeds

During the financial year ended 31 December 2020 (“FYE 2020”), the Group undertook a private placement of up to 20% of the total number of issued shares of the Company based on a shareholders’ mandate which was approved by its shareholders at the Company’s Sixth Annual General Meeting held on 29 June 2020 (“Proposed Private Placement”).

On 23 October 2020, approximately 25% of the Proposed Private Placement was completed via issuance of 14,500,000 new ordinary shares at an issue price of RM0.132 per share which raised a gross proceeds of RM1.91 million. On 28 May 2021, the remaining 75% of the Proposed Private Placement was completed via issuance of 43,533,400 new ordinary shares at an issue price of RM0.286 per share which raised a gross proceeds of RM12.45 million. Overall, the Group had raised a net sum of RM14.37 million. As at 29 April 2022, the details of the proceeds raised from the private placement were utilised as follows: -

Purpose	Proposed utilisation RM'000	Amount Utilised as at 29 April 2022 RM'000	Intended Timeframe for Utilisation	Deviation RM'000	%	Explanations (if the deviation is 5% or more)
Green Technology Solutions (“GreenTech”) segment	6,079	2,635	Within 12 months	3,444	57%	(1)
General working capital	7,786	8,556	Within 12 months	-	-	(a) & (b)
Private Placement expenses	500	250	Within 1 month	-	-	(b)
Total gross proceeds	14,365	11,441		3,444	57%	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 18 September 2020, 2 October 2020, 6 October 2020 and 31 May 2021.

Explanation:

- The Group’s GreenTech energy saving devices installation works are still in progress.

Notes:

- The general working capital allocated from the Private Placement has been fully utilised as at 29 April 2022.
- The actual expenses incurred for the Private Placement was lower than the estimated expense. Hence the balance of unutilised Private Placement proceeds of RM0.25 million has been re-allocated to working capital of the Group.

Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS" or "Scheme") of the Company was implemented on 16 November 2015 and shall be in force for a duration of ten (10) years.

The total number of options granted, exercised and outstanding under the ESOS during the financial year ended 31 December 2021 ("FYE 2021") are set out in the table below:

Description	Number of Options	
	All Eligible Employees	Executive Directors
At the beginning of the financial year	2,024,400	-
(a) Total number of options granted	10,900,00	500,000
(b) Total number of options exercised	(1,464,600)	-
(c) Total number of options expired/lapsed	(10,960,400)	(500,000)
(d) Total options outstanding	500,000	-

Percentage of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the FYE 2021	Since commencement up to FYE 2021
(a) Aggregate maximum allocation	50.00%	50.00%
(b) Actual granted	3.04%	32.83%

During FYE 2021, none of the ESOS Options was offered to the Non-Executive Directors.

Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors by the Group and the Company for the FYE 2021 are as follows:

	Group (RM)	Company (RM)
Audit Fees	159,785	58,000
Non-Audit Fees	31,000	8,000
Total	190,785	66,000

The Company incurred non-audit fees amounting to RM8,000 for services rendered by External Auditors to the Group during the FYE 2021 in relation to the review of the Statement on Risk Management and Internal Control.

Material Contracts Involving Directors And/Or Major Shareholders

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the FYE 2021 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

There were no material recurrent related party transactions entered into by the Group during the FYE 2021.

Directors' Responsibility Statement For The Audited Financial Statement

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2021 set out on pages 134 to 215 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was presented and approved at the meeting of the Board of Directors on 28 March 2022.



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Director's Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than the acquisition of a subsidiary as disclosed in Note 8(c) to the financial statements.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	10,320,876	(2,609,858)
Attributable to:		
Owner of the parent	8,299,000	(2,609,858)
Non-controlling interest	2,021,876	-
	10,320,876	(2,609,858)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM52,895,395 to RM65,649,141 by way of issuance of 44,997,400 new ordinary shares, pursuant to the following:

- (i) 1,070,000 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.128 per ordinary share for cash;
- (ii) 43,533,400 ordinary shares pursuant to a private placement exercise at an issue price of RM0.286 each, representing not more than twenty percent (20%) of the issued share capital of the Company; and
- (iii) 394,000 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.128 per ordinary share for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

Director's Report

cont'd

EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The Company implements an ESOS, which is in force for a period of ten (10) years until 16 November 2025 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees ("Eligible Persons") of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- (c) The option price under the ESOS shall be the five (5)-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate;
- (d) The actual number of shares, which may be offered to any Eligible Persons shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 1,000 shares and in multiples of 1,000 shares and are subject to the following:
 - (i) not more than 10% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors;
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in aggregate to senior management of the Company and its subsidiaries;
 - (iii) not more than 50% of the shares available under the ESOS shall be allocated to eligible employees of the Company and its subsidiaries; and
 - (iv) not more than 10% of the new shares available under the ESOS to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee.
- (f) The shares allotted pursuant to ESOS rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

Director's Report

cont'd

EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (cont'd)

The number of unissued ordinary shares under options at the option price is as follows:

Option price:	Number of options over ordinary shares				Balance as at 31.12.2021 [^]	Exercisable as at 31.12.2021
	Balance as at 1.1.2021	Granted	Exercised	Retracted*		
RM0.08	1,524,400	-	(1,464,000)	(60,400)	-	-
RM0.09	500,000	-	-	-	500,000	500,000
RM0.66	-	10,900,000	-	(10,900,000)	-	-
	2,024,400	10,900,000	(1,464,000)	(10,960,400)	500,000	500,000

* Due to resignation and expiry of ESOS.

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares of 33% per year over vesting periods of 3 years.

Since the implementation of the ESOS until the end of the financial year, a total of 59,280,000 options had been granted to the eligible employees of the Group of which a total of 6,500,000 options had been granted to the Executive Director of the Group. A total of 40,768,600 options had been exercised since the implementation of the ESOS until the end of the financial year of which 5,500,000 options had been exercised by the Executive Director of the Group.

There were 2,500,000 options granted to senior management of the Company and its subsidiaries during the financial year. Since the implementation of the ESOS until the end of the financial year, the Executive Directors and senior management of the Company and its subsidiaries had been granted 61.6% of the total options available under the ESOS.

DIRECTORS

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

Sedania Innovator Berhad

Tan Sri Abdul Halim Bin Ali

Datuk Noor Azrin Bin Mohd Noor*

Datuk Syed Izuan Bin Syed Kamarulbahrin

Datuk Noor Syafiroz Bin Mohd Noor*

Norliza Binti Kamaruddin

Yoong Weng Hong Peter Andrew

(Appointed on 13 December 2021)

Lau Kin Wai

(Resigned on 13 December 2021)

*These Directors of the Company are also the Directors of subsidiaries of the Company.

Subsidiaries of Sedania Innovator Berhad (excluding those who are already listed above)

Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah

Mohamad Rozaimy Bin Abd Rahman

Nor Khairi Bin Khalil

(Resigned on 31 May 2021)

Rizalzin Hashim Bin Mohammed

(Appointed on 1 January 2022)

Director's Report

cont'd

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	[----- Number of ordinary shares -----]			Balance as at 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
<u>Direct interests:</u>				
Tan Sri Abdul Halim Bin Ali	1,100,000	-	-	1,100,000
Datuk Noor Azrin Bin Mohd Noor	9,286,560	706,666	-	9,993,226
Datuk Syed Izuan Bin Syed Kamarulbahrin	100,000	-	-	100,000
Datuk Noor Syafiroz Bin Mohd Noor	5,600,000	-	-	5,600,000
<u>Indirect interests:</u>				
Datuk Noor Azrin Bin Mohd Noor*	113,682,892	-	-	113,682,892

Shares in the ultimate holding company - Sedania Corporation Sdn. Bhd.

Direct interests:

Datuk Noor Azrin Bin Mohd Noor	999,999	-	-	999,999
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Share options in the Company	[----- Number of options over ordinary shares -----]				Balance as at 31.12.2021
	Balance as at 1.1.2021	Granted	Exercised	Retracted [^]	
<u>Direct interests:</u>					
Datuk Noor Syafiroz Bin Mohd Noor	-	500,000	-	(500,000)	-
<u>Indirect interests:</u>					
Datuk Noor Azrin Bin Mohd Noor*	-	500,000	-	(500,000)	-

* Deemed interest by virtue of Datuk Noor Azrin Bin Mohd Noor's substantial interest in Sedania Corporation Sdn. Bhd. and his sibling, Datuk Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

[^] Due to expiry of ESOS on 2 October 2021.

By virtue of his interest in the shares of the ultimate holding company, Datuk Noor Azrin Bin Mohd Noor is also deemed to be interested in the shares of the subsidiaries of the ultimate holding company to the extent of the ultimate holding company's interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 28 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors of the Group and of the Company are RM 44,000 (2020: RM48,348).

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Director's Report

cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *cont'd*

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the financial year and subsequent to the end of the reporting period are disclosed in Note 33 to the financial statements.

Director's Report

cont'd

ULTIMATE HOLDING COMPANY

The Directors regard Sedania Corporation Sdn. Bhd. ("SedaniaCorp"), a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 22 to the financial statements.

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

.....
Datuk Noor Azrin Bin Mohd Noor
Director

.....
Datuk Noor Syafiroz Bin Mohd Noor
Director

Kuala Lumpur
28 March 2022

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 147 to 215 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Datuk Noor Azrin Bin Mohd Noor
Director

.....
Datuk Noor Syafiroz Bin Mohd Noor
Director

Kuala Lumpur
28 March 2022

Statutory Declaration

I, **Rizalzin Hashim Bin Mohammed** (CA 38674), being the officer primarily responsible for the financial management of Sedania Innovator Berhad, do solemnly and sincerely declare that the financial statements set out on pages 147 to 215 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
28 March 2022)

Rizalzin Hashim Bin Mohammed

Before me:

Independent Auditors' Report

to the Members of Sedania Innovator Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sedania Innovator Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 147 to 215.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Recoverability of trade receivables

Gross trade receivables of the Group as at 31 December 2021 were RM14,106,537 as disclosed in Note 11 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Independent Auditors' Report

to the Members of Sedania Innovator Berhad (Incorporated in Malaysia)

cont'd

Key Audit Matters *cont'd*

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

- (a) Recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the COVID-19 pandemic, as applicable applied by the Group to test the accuracy of probability of default applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses and ascertain the reasonableness of the underlying relationship.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statement of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

to the Members of Sedania Innovator Berhad (Incorporated in Malaysia)
cont'd

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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.

Independent Auditors' Report

to the Members of Sedania Innovator Berhad (Incorporated in Malaysia)

cont'd

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 8 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Francis Cyril A/L S.R Singam
03056/04/2023 J
Chartered Accountant

Kuala Lumpur
28 March 2022

Statements of Financial Position

as at 31 December 2021

		Group		Company	
		Restated			
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,402,419	3,593,620	-	-
Right-of-use assets	6	971,009	1,436,049	-	-
Intangible assets	7	93,811	-	-	-
Investments in subsidiaries	8	-	-	41,969,680	26,853,280
Investments in associates	9	-	-	-	-
Finance lease receivables	10	14,904,979	5,952,811	-	-
Trade and other receivables	11	-	-	2,306,882	5,630,700
Deferred tax assets	12	406,876	375,688	-	-
		19,779,094	11,358,168	44,276,562	32,483,980
Current assets					
Finance lease receivables	10	1,710,269	676,540	-	-
Trade and other receivables	11	9,912,861	11,386,549	9,765,075	6,913,270
Inventories	13	7,093,754	3,979,484	-	-
Current tax assets		52,981	218,668	-	-
Short term funds	14	6,799,314	1,890,895	5,972,040	53,132
Cash and bank balances	15	6,507,840	11,502,140	130,392	8,824,414
		32,077,019	29,654,276	15,867,507	15,790,816
TOTAL ASSETS		51,856,113	41,012,444	60,144,069	48,274,796
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	65,649,141	52,895,395	65,649,141	52,895,395
Reorganisation debit	17	(24,439,680)	(24,439,680)	-	-
Reserves	17	(4,905,839)	(13,135,031)	(7,799,187)	(5,119,521)
Equity attributable to owners of the parent		36,303,622	15,320,684	57,849,954	47,775,874
Non-controlling interests		4,627,556	2,605,680	-	-
TOTAL EQUITY		40,931,178	17,926,364	57,849,954	47,775,874

Statements of Financial Position

as at 31 December 2021

cont'd

	Note	Group		Company	
		2021	Restated 2020	2021	2020
		RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	12	1,693	7,800	-	-
Borrowing	18	3,354,994	2,067,887	-	-
Lease liabilities	19	542,478	982,190	-	-
		3,899,165	3,057,877	-	-
Current liabilities					
Borrowing	18	1,747,608	712,648	-	-
Lease liabilities	19	538,854	561,017	-	-
Trade and other payables	20	4,341,543	18,399,977	2,294,115	498,922
Current tax liabilities		397,765	354,561	-	-
		7,025,770	20,028,203	2,294,115	498,922
TOTAL LIABILITIES		10,924,935	23,086,080	2,294,115	498,922
TOTAL EQUITY AND LIABILITIES		51,856,113	41,012,444	60,144,069	48,274,796

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 2021

	Note	Group		Company	
		2021	Restated 2020	2021	2020
		RM	RM	RM	RM
Revenue	21	49,098,283	29,731,072	-	-
Other operating income		2,401,235	2,157,273	1,318,833	3,306,699
Advertisement and promotions		(136,957)	(650,722)	(5,280)	(7,104)
Cost of goods sold		(23,103,191)	(13,013,158)	-	-
Directors' remuneration	23	(1,780,367)	(1,768,070)	(1,558,743)	(1,467,796)
Employee benefits	26	(7,201,113)	(7,962,618)	(744,110)	(783,457)
Amortisation of intangible assets	7	(8,629)	-	-	-
Depreciation of property, plant and equipment	5	(330,914)	(577,968)	-	-
Depreciation of right-of-use assets	6	(555,276)	(552,494)	-	-
Net gain/(losses) on impairment of financial assets	22(b)	594,572	(8,051,306)	(902,773)	(1,461,084)
Other operating expenses		(6,603,817)	(5,479,249)	(687,155)	(1,025,100)
Finance costs		(242,581)	(239,961)	(11,966)	(74,034)
Share of results in associates		-	(632,647)	-	-
Profit/(Loss) before tax	22	12,131,245	(7,039,848)	(2,591,194)	(1,511,876)
Tax expense	24	(1,810,369)	(1,497,001)	(18,664)	-
Profit/(Loss) for the financial year		10,320,876	(8,536,849)	(2,609,858)	(1,511,876)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		10,320,876	(8,536,849)	(2,609,858)	(1,511,876)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		8,299,000	(10,240,641)	(2,609,858)	(1,511,876)
Non-controlling interests		2,021,876	1,703,792	-	-
		10,320,876	(8,536,849)	(2,609,858)	(1,511,876)

Earnings/(Loss) per ordinary share attributable to equity holders of the Company:

Basic earnings/(loss) per share (sen)	25	2.52	(3.87)
Diluted earnings/(loss) per share (sen)	25	2.52	(3.87)

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

Consolidated Statement of Changes In Equity

for the Financial Year Ended 31 December 2021

Group	Note	Share capital RM	Reorganisation debit RM	Share options reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total RM
Balance as at 1 January 2020		44,556,912	(10,853,280)	223,902	(2,422,753)	31,504,781	-	31,504,781
Reorganisation exercise	32	-	(13,586,400)	-	(591,299)	(14,177,699)	901,888	(13,275,811)
Restated balance as at 1 January 2020		44,556,912	(24,439,680)	223,902	(3,014,052)	17,327,082	901,888	18,228,970
Loss for the financial year		-	-	-	(10,240,641)	(10,240,641)	1,703,792	(8,536,849)
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive loss		-	-	-	(10,240,641)	(10,240,641)	1,703,792	(8,536,849)
Transactions with owners								
Issuance of shares pursuant to:								
- ESOS		6,424,483	-	(805,844)	-	5,618,639	-	5,618,639
- Private placement		1,914,000	-	-	-	1,914,000	-	1,914,000
Share options granted under ESOS		-	-	701,604	-	701,604	-	701,604
Total transaction with owners		8,338,483	-	(104,240)	-	8,234,243	-	8,234,243
Balance as at 31 December 2020		52,895,395	(24,439,680)	119,662	(13,254,693)	15,320,684	2,605,680	17,926,364

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

Consolidated Statement of Changes In Equity

for the Financial Year Ended 31 December 2021
cont'd

Group	Share capital RM	Reorganisation debit RM	Share options reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total RM
Balance as at 1 January 2021	52,895,395	(24,439,680)	119,662	(13,254,693)	15,320,684	2,605,680	17,926,364
Profit for the financial year	-	-	-	8,299,000	8,299,000	2,021,876	10,320,876
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	8,299,000	8,299,000	2,021,876	10,320,876
Transactions with owners							
Issuance of shares pursuant to:							
- ESOS	303,194	-	(115,802)	-	187,392	-	187,392
- Private placement	12,450,552	-	-	-	12,450,552	-	12,450,552
Share options granted under ESOS	-	-	45,994	-	45,994	-	45,994
Total transaction with owners	12,753,746	-	(69,808)	-	12,683,938	-	12,683,938
Balance as at 31 December 2021	65,649,141	(24,439,680)	49,854	(4,955,693)	36,303,622	4,627,556	40,931,178

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

Statement of Changes In Equity

for the Financial Year Ended 31 December 2021

Company	Share capital RM	Share options reserve RM	Accumulated losses RM	Total RM
Balance as at 1 January 2020	44,556,912	223,902	(3,727,307)	41,053,507
Loss for the financial year	-	-	(1,511,876)	(1,511,876)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(1,511,876)	(1,511,876)
Transactions with owners				
Issuance of shares				
- ESOS	6,424,483	(805,844)	-	5,618,639
- private placement	1,914,000	-	-	1,914,000
Share options granted under ESOS	-	701,604	-	701,604
Total transactions with owners	8,338,483	(104,240)	-	8,234,243
Balance as at 31 December 2020	52,895,395	119,662	(5,239,183)	47,775,874
Balance as at 1 January 2021	52,895,395	119,662	(5,239,183)	47,775,874
Loss for the financial year	-	-	(2,609,858)	(2,609,858)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(2,609,858)	(2,609,858)
Transactions with owners				
Issuance of shares				
- ESOS	303,194	(115,802)	-	187,392
- private placement	12,450,552	-	-	12,450,552
Share options granted under ESOS	-	45,994	-	45,994
Total transactions with owners	12,753,746	(69,808)	-	12,683,938
Balance as at 31 December 2021	65,649,141	49,854	(7,849,041)	57,849,954

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

Statements of Cash Flows

for the Financial Year Ended 31 December 2021

	Note	Group		Company	
		2021 RM	Restated 2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		12,131,245	(7,039,848)	(2,591,194)	(1,511,876)
Adjustments for:					
Amortisation of intangible asset	7	8,629	-	-	-
Depreciation of:					
- property, plant and equipment	5	330,914	577,968	-	-
- right-to-use assets	6	555,276	552,494	-	-
Bad debt written off		6,554	-	-	-
Deposits forfeited		-	4,600	-	-
Dividend income		-	-	-	(2,000,000)
Gain on reassessments and modifications of leases		(2,406)	(11,041)	-	-
Interest expense on:					
- term loan	22	90,966	60,985	-	-
- lease liabilities	22	70,376	63,579	-	-
- letter of credit	22	81,239	115,397	-	-
- fair value adjustment on amount owing by a subsidiary	22	-	-	11,966	74,034
Income distribution from short term funds	22	(82,190)	(186,960)	(72,274)	(106,695)
Interest income on intercompany loan	22	-	-	(39,612)	-
Interest income from finance lease	22	(2,119,113)	(1,387,096)	-	-
Impairment losses on:					
- advances to an associate	9(d)	-	143,077	-	143,077
- amount owing by a subsidiary	11(g)	-	-	570,043	214,324
- investment in associates	9	-	-	-	803,683
- trade receivables	11(e)	1,097,178	6,108,685	-	-
- finance lease receivables	10(g)	-	1,151,459	-	-
- other receivables	11(g)	-	349,455	-	-
- preference shares in an associate	9(d)	332,730	300,000	332,730	300,000
Reversal of impairment losses on:					
- trade receivables	11(e)	(1,449,568)	(1,370)	-	-
- finance lease receivables	10(g)	(574,912)	-	-	-
Share options granted under ESOS		45,994	701,604	14,524	144,460
Share of results in associates	9(h)	-	632,647	-	-

Statements of Cash Flows

for the Financial Year Ended 31 December 2021

cont'd

		Group		Company	
		Restated		2021	2020
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES <i>cont'd</i>					
Operating profit/(loss) before working capital changes		10,522,912	2,135,635	(1,773,817)	(1,938,993)
Inventories		(3,114,270)	(2,402,002)	-	-
Trade and other receivables		1,819,524	(4,853,095)	993,379	(1,000,000)
Finance lease receivables		(7,291,872)	3,382,251	-	-
Trade and other payables		(880,034)	(1,213,390)	(145,307)	279,229
Cash generated from/(used in) operations		1,056,260	(2,950,601)	(925,745)	(2,659,764)
Tax paid		(1,638,773)	(1,243,336)	(18,664)	-
Tax refunded		-	216,849	-	-
Net cash used in operating activities		(582,513)	(3,977,088)	(944,409)	(2,659,764)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition/Additions of interest in associates		(332,730)	(183,483)	(332,730)	(183,483)
Investment in subsidiary	8(c)	-	-	(11,240,400)	-
Purchase of intangible assets		(102,440)	-	-	-
Purchase of property, plant and equipment	5	(139,713)	(2,702,742)	-	-
Advances to a subsidiary		-	-	(1,029,793)	(2,886,730)
Advances to an associate		-	(143,077)	-	(143,077)
Advances from/(Repayments to) ultimate holding company		(13,178,400)	(196,470)	(1,938,000)	-
Repayments to related company		-	(110)	-	-
Dividend received		-	-	-	2,000,000
Income distribution received from short term funds		82,190	186,960	72,274	106,695
Net cash used in investing activities		(13,671,093)	(3,038,922)	(14,468,649)	(1,106,595)

Statements of Cash Flows

for the Financial Year Ended 31 December 2021
cont'd

	Note	Group		Company	
		2021 RM	Restated 2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
- term loan		1,780,000	1,400,000	-	-
- revolving credit		-	365,804	-	-
- letter of credit		753,393	-	-	-
Repayments of:					
- term loan		(211,326)	(121,745)	-	-
- lease liabilities	19	(620,081)	(513,203)	-	-
- letter of credit		-	(500,000)	-	-
Interest paid		(172,205)	(176,382)	-	-
Proceeds from issuance of shares		12,637,944	7,532,639	12,637,944	7,532,639
Net cash from financing activities		14,167,725	7,987,113	12,637,944	7,532,639
Net (decrease)/increase in cash and cash equivalents		(85,881)	971,103	(2,775,114)	3,766,280
Cash and cash equivalents at beginning of financial year		13,393,035	12,421,932	8,877,546	5,111,266
Cash and cash equivalents at end of financial year	15(c)	13,307,154	13,393,035	6,102,432	8,877,546

Statements of Cash Flows

for the Financial Year Ended 31 December 2021
cont'd

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loan (Note 18) RM	Revolving credit (Note 18) RM	Letter of credit (Note 18) RM	Lease liabilities (Note 19) RM
At 1 January 2020	1,002,280	134,196	500,000	1,374,010
Non-cash flows				
- addition	-	-	-	560,678
- accretion of interest expense	-	-	-	63,579
- reassessments and modifications	-	-	-	58,143
Cash flows				
- drawdowns	1,400,000	365,804	-	-
- repayments	(121,745)	-	(500,000)	(513,203)
At 31 December 2020	2,280,535	500,000	-	1,543,207
At 1 January 2021	2,280,535	500,000	-	1,543,207
Non-cash flows				
- accretion of interest expense	-	-	-	70,376
- reassessments and modifications	-	-	-	87,830
Cash flows				
- drawdowns	1,780,000	-	753,393	-
- repayments	(211,326)	-	-	(620,081)
At 31 December 2021	3,849,209	500,000	753,393	1,081,332

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

Notes to the Financial Statements

31 December 2021

1. CORPORATE INFORMATION

Sedania Innovator Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at 10th floor, Kelana Parkview Tower, Jalan SS6/2, 47301 Petaling Jaya, Selangor Darul Ehsan.

The ultimate holding company of the Company is Sedania Corporation Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 March 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than the acquisition of a subsidiary as disclosed in Note 8(c) to the financial statements.

3. BASIS OF PREPARATION

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 provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 31.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

During the financial year, a reorganisation exercise has been carried out through the Company’s acquisition of Offspring Inc Sdn. Bhd. (“OFS”), a subsidiary of Sedania Corporation Sdn. Bhd. Upon completion of the above reorganisation exercise, the Company became the legal parent of OFS.

As OFS is under common control before and after the reorganisation exercise, the Group applied the pooling of interest method of accounting and the consolidated financial statements have been accounted for as if the reorganisation exercise had occurred from the date when these entities were under common control.

Accordingly, the results of the Group have been stated as if OFS had been combined with the Company throughout the current and previous accounting periods even though the reorganisation was effected on 4 January 2021.

Notes to the Financial Statements

31 December 2021

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4. OPERATING SEGMENTS

Sedania Innovator Berhad and its subsidiaries are principally engaged in investment holding, providing computer solution and development services, networking installation, procurement and supply services pertaining to or connected with telecommunications and information technology which includes multimedia products and all other related activities and engaged in business of Shariah compliant platform for personal Islamic banking, general advertising agents and trading of telecommunication products.

The Group has arrived at six (6) (2020: six (6)) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Sustainable Healthcare

Provision of consumer products specialising in healthcare, personal care, household as well as baby and childcare products; and health technologies specialising in preventative healthcare technology solutions.

(b) Sustainable Energy

Provision of green technology and internet of things ("IOT") solutions for sustainable and environmentally friendly product and services.

(c) Financial Technology ("FinTech")

Provision of financial technology solutions for banking industry.

(d) Telco Technology ("TelcoTech")

Formerly known as Sharing platform. Providing the technology on Airtime sharing for telecommunication providers.

(e) Investment holding

Holding of investments in the shares of subsidiaries and associates.

(f) Others

Others mainly comprise provision of big data analytics services and related activities.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, and also excluding the effects of share-based payments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

Segment assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities.

Notes to the Financial Statements

31 December 2021
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4. OPERATING SEGMENTS *cont'd*

2021	Sustainable Healthcare RM	Sustainable Energy RM	FinTech RM	TelcoTech RM	Investment holding RM	Others RM	Total RM
Segment profits/(loss)	5,520,770	7,293,575	964,695	392,055	(1,994,661)	805	12,177,239
Share options granted under ESOS							(45,994)
Profit before tax							12,131,245
Included in the measure of segment profits/(loss) are:							
Revenue from external customers	27,036,456	15,649,022	4,159,167	2,242,844	-	10,794	49,098,283
Inter-segment revenue	-	-	-	-	1,200,000	-	1,200,000
Amortisation of intangible assets	8,629	-	-	-	-	-	8,629
Depreciation of:							
- property, plant and equipment	191,095	73,855	11,281	54,683	-	-	330,914
- right-of-use assets	273,076	-	6,800	275,400	-	-	555,276
Interest expense	185,634	31,628	643	24,676	-	-	242,581
Interest income	4,445	2,119,113	1,877	3,594	72,274	-	2,201,303
Segment assets	15,680,463	20,414,787	4,405,153	4,755,512	6,140,341	-	51,396,256
Deferred tax assets							406,876
Current tax assets							52,981
Total assets							51,856,113
Included in the measure of segment assets are:							
- additions to intangible assets	102,440	-	-	-	-	-	102,440
- additions to equipment	98,741	-	9,214	31,758	-	-	139,713
Segment liabilities	4,534,342	1,813,614	410,056	1,475,850	2,291,615	-	10,525,477
Deferred tax liabilities							1,693
Current tax liabilities							397,765
Total liabilities							10,924,935

Notes to the Financial Statements

31 December 2021

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4. OPERATING SEGMENTS *cont'd*

2020	Sustainable Healthcare RM	Sustainable Energy RM	FinTech RM	TelcoTech RM	Investment holding RM	Others RM	Total RM
Segment profits/(loss)	4,515,597	(9,349,132)	728,489	185,574	(2,419,117)	345	(6,338,244)
Share options granted under ESOS							(701,604)
Loss before tax							(7,039,848)
Included in the measure of segment profits/(loss) are:							
Revenue from external customers	21,392,529	1,895,215	4,070,151	2,369,938	-	3,239	29,731,072
Inter-segment revenue	-	-	-	-	1,200,000	-	1,200,000
Depreciation of property, plant and equipment	116,188	305,489	14,105	142,186	-	-	577,968
Depreciation of right-of-use assets	229,981	-	27,208	295,305	-	-	552,494
Interest expense	205,469	13,859	676	19,957	-	-	239,961
Interest income	8,819	1,387,096	66,295	5,151	106,695	-	1,574,056
Share of results in associates	-	-	-	-	632,647	-	632,647
Segment assets	9,872,358	13,751,481	3,705,389	3,180,026	9,908,834	-	40,418,088
Deferred tax assets							375,688
Current tax assets							218,668
Total assets							41,012,444
Included in the measure of segment assets are:							
- additions to equipment	2,651,606	-	17,785	33,351	-	-	2,702,742
Segment liabilities	19,357,895	764,774	334,652	1,772,324	494,074	-	22,723,719
Deferred tax liabilities							7,800
Current tax liabilities							354,561
Total liabilities							23,086,080

Notes to the Financial Statements

31 December 2021
cont'd

4. OPERATING SEGMENTS *cont'd*

(a) Geographical information

The operations of the Group are carried out primarily in Malaysia and some Asian countries (which include Thailand and Singapore). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location in which the customer resides.

	2021	Group Restated 2020
	RM	RM
Revenue from external customers		
Malaysia	41,674,350	22,221,448
Asian countries other than Malaysia	3,067,651	2,100,796
Russia	3,595,172	4,431,840
Others	761,110	976,988
	49,098,283	29,731,072
Non-current assets		
Malaysia	19,779,094	11,358,168
	19,779,094	11,358,168

(b) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior years:

	2021	Group Restated 2020
	RM	RM
Customer A	12,288,233	518,309

Notes to the Financial Statements

31 December 2021

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5. PROPERTY, PLANT AND EQUIPMENT

Group Carrying amount	Balance as at 1.1.2021 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2021 RM
Office building	2,786,667	-	(60,000)	2,726,667
SMS/IT equipment	128,608	10,364	(95,868)	43,104
Event equipment	99,405	-	(48,687)	50,718
Production equipment	14,293	5,462	(4,457)	15,298
Furniture and fittings	278,304	123,887	(87,888)	314,303
Motor vehicles	2,582	-	(940)	1,642
Renovation	283,761	-	(33,074)	250,687
	3,593,620	139,713	(330,914)	3,402,419

	[----- At 31.12.2021 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office building	3,000,000	(273,333)	2,726,667
SMS/IT equipment	3,983,683	(3,940,579)	43,104
Event equipment	157,134	(106,416)	50,718
Production equipment	62,402	(47,104)	15,298
Furniture and fittings	1,340,326	(1,026,023)	314,303
Motor vehicles	4,693	(3,051)	1,642
Renovation	1,010,380	(759,693)	250,687
	9,558,618	(6,156,199)	3,402,419

Notes to the Financial Statements

31 December 2021
cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Restated Group	Balance as at 1.1.2020	Additions	Depreciation charge for the financial year	Balance as at 31.12.2020
Carrying amount	RM	RM	RM	RM
Office building	820,000	2,000,000	(33,333)	2,786,667
SMS/IT equipment	467,872	33,351	(372,615)	128,608
Event equipment	1,778	144,800	(47,173)	99,405
Production equipment	10,318	7,070	(3,095)	14,293
Furniture and fittings	127,635	230,045	(79,376)	278,304
Motor vehicles	3,520	-	(938)	2,582
Renovation	37,723	287,476	(41,438)	283,761
	1,468,846	2,702,742	(577,968)	3,593,620

	[----- At 31.12.2020 -----]		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Office building	3,000,000	(213,333)	2,786,667
SMS/IT equipment	3,973,319	(3,844,711)	128,608
Event equipment	157,134	(57,729)	99,405
Production equipment	56,940	(42,647)	14,293
Furniture and fittings	1,212,074	(933,770)	278,304
Motor vehicles	4,693	(2,111)	2,582
Renovation	1,010,380	(726,619)	283,761
	9,414,540	(5,820,920)	3,593,620

Notes to the Financial Statements

31 December 2021

cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual depreciation rates are as follows:

Office building	2%
SMS/IT equipment	20%
Event equipment	20%
Production equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	20%

- (b) As at 31 December 2021, office building of the Group with a carrying amount of RM2,726,667 (2020: RM2,786,667) has been charged to a bank for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

6. RIGHT-OF-USE ASSETS

The Group as lessee

Carrying amount	Balance as at 1.1.2021	Reassessments and modifications	Depreciation charge for the financial year	Balance as at 31.12.2021
	RM	RM	RM	RM
Office buildings	415,590	(45,333)	(155,400)	214,857
Warehouses	683,658	135,569	(273,076)	546,151
Motor vehicles	336,801	-	(126,800)	210,001
	1,436,049	90,236	(555,276)	971,009

Notes to the Financial Statements

31 December 2021
cont'd

6. RIGHT-OF-USE ASSETS *cont'd*

Restated Carrying amount	Balance as at 1.1.2020 RM	Addition RM	Reassessments and modifications RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Office buildings	370,514	163,782	69,184	(187,890)	415,590
Warehouses	504,158	396,896	-	(217,396)	683,658
Motor vehicles	484,009	-	-	(147,208)	336,801
	1,358,681	560,678	69,184	(552,494)	1,436,049

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Office buildings	2 - 3 years
Warehouses	2 - 5 years
Motor vehicles	5 years

- (b) The Group has certain leases of office buildings with lease term of 12 months or less and office equipment which are considered as low value leases. The low value assets are office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (c) The following are the amounts recognised in profit or loss:

	2021 RM	Group Restated 2020 RM
Depreciation charge of right-of-use assets	555,276	552,494
Interest expense on lease liabilities	70,376	63,579
Expense relating to short term leases	139,260	141,468
Expense relating to leases of low-value assets	50,726	47,247
Gain on reassessments and modifications of leases	(2,406)	(11,041)
	813,232	793,747

Notes to the Financial Statements

31 December 2021

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7. INTANGIBLE ASSETS

Group	Balance as at 1.1.2021	Additions	Amortisation charge for the financial year	Balance as at 31.12.2021
Carrying amount	RM	RM	RM	RM
E-commerce webstore	-	102,440	(8,629)	93,811
[----- At 31.12.2021 -----]				
Group			Accumulated Cost amortisation	Carrying amount
			RM	RM
E-commerce webstore		102,440	(8,629)	93,811

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

E-commerce webstore represents localisation of ecommerce webstore in international territories namely Finland, Spain and Thailand. Ecommerce webstore is amortised over its estimated useful life of ten (10) years using the straight line method.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Unquoted equity shares, at cost	41,969,680	26,853,280

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company, at cost less impairment losses, if any.

Notes to the Financial Statements

31 December 2021
cont'd

8. INVESTMENTS IN SUBSIDIARIES cont'd

(b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
Sedania Technologies Sdn. Bhd.	Malaysia	100%	100%	Engaged in business of providing computer solution and development services, networking installation, procurement and supply services pertaining to or connected with telecommunications and information technology which includes multimedia products, to lend and advance money or give credit to such persons or companies and all other related activities.
Sedania As Salam Capital Sdn. Bhd. ("SASC")*	Malaysia	100%	100%	Engaged in business of Shariah compliant platform for personal Islamic banking, financial technology consultation, solution and platforms, general advertising agents and trading of telecommunication products.
Offspring Inc Sdn. Bhd. ("OFS")	Malaysia	51%	-	Engaged in trading of consumer products specialising in healthcare, personal care, household as well as baby and childcare products and provision of health technologies specialising in preventive healthcare technology solutions.

* *Subsidiary not audited by BDO PLT or BDO member firms.*

(c) Acquisition of a subsidiary during the financial year ended 31 December 2021

During the financial year, a reorganisation exercise has been carried out through the Company's acquisition of 51% equity interest in OFS for a total consideration of RM15,116,400 from SedaniaCorp, the ultimate holding company. A payment of RM11,240,400 has been made to SedaniaCorp and a security of RM3,876,000 has been retained by the Company pursuant to the share sale agreement. Upon completion of the above reorganisation exercise, became a subsidiary of the Company.

Notes to the Financial Statements

31 December 2021

cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

- (c) Acquisition of a subsidiary during the financial year ended 31 December 2021 *cont'd*

As OFS is under common control of SedaniaCorp before and after the reorganisation exercise, the Group had applied the pooling of interest method of accounting and the consolidated financial statements have been accounted for as if the reorganisation exercise had occurred from the date when these entities were under common control.

The carrying amount of the identifiable assets and liabilities acquired as follows:

	2021	2020
	RM	RM
Property, plant and equipment	2,528,801	2,621,155
Right-of-use assets	546,151	683,658
Intangible assets	93,811	-
Deferred tax assets	72,601	41,413
Inventories	7,091,832	3,976,065
Trade and other receivables	3,670,593	1,915,020
Cash and bank balances	1,749,275	676,460
Borrowings	(2,945,940)	(2,320,254)
Lease liabilities	(607,438)	(740,638)
Trade and other payables	(2,370,576)	(1,180,603)
Current tax liabilities	(385,117)	(354,561)
Total identified net assets	9,443,993	5,317,715

SedaniaCorp had guaranteed that OFS will achieve actual profit after tax ("PAT") of RM3,800,000 per annum ("Profit Guarantee") for the financial years ending 31 December 2020 and 2021. In the event:

- (i) there is a shortfall for the financial year ending 31 December 2020, the Profit Guarantee for the FYE 2021 shall be increased by the amount of shortfall; and
- (ii) there is a shortfall for the financial year ending 31 December 2021, the Company shall be entitled to be reimbursed and deduct from the Retention sum (Tranche 2) an amount equivalent to the shortfall or RM1,938,000, whichever is lower.

As at 31 December 2021, OFS had achieved the required Profit Guarantee.

- (d) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed their recoverable amounts.

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9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares, at cost	803,683	803,683	803,683	803,683
Unquoted preference shares, at cost	632,730	300,000	632,730	300,000
Less: Impairment loss	(632,730)	(300,000)	(632,730)	(300,000)
	-	-	-	-
Advances to an associate	143,077	143,077	143,077	143,077
Less: Impairment loss	(143,077)	(143,077)	(143,077)	(143,077)
	-	-	-	-
Share of post-acquisition losses	(803,683)	(803,683)	-	-
	-	-	803,683	803,683
Less: Impairment loss	-	-	(803,683)	(803,683)
	-	-	-	-

(a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

(b) Management reviews the investments in associates for impairment when there is an indication of impairment. The recoverable amount of the investments in associates is assessed by reference to fair value less cost to sell of the underlying assets.

During the financial year, an impairment loss of RM332,270 (2020: RM443,077) and RM332,270 (2020: RM1,246,760) on investments in associates has been recognised by the Group and the Company respectively due to declining business operations.

(c) Advances to an associate are unsecured, settlement is neither planned nor likely to occur in the foreseeable future.

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9. INVESTMENTS IN ASSOCIATES cont'd

- (d) Impairment for unquoted preference shares and advances to an associate are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 11(g) to the financial statements.

Movement in the impairment allowance for unquoted preference share are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January 2021	300,000	-	300,000	-
Charge for the financial year	332,730	300,000	332,730	300,000
At 31 December 2021	632,730	300,000	632,730	300,000

Movement in the impairment allowance for advances to an associate are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January 2021	143,077	-	143,077	-
Charge for the financial year	-	143,077	-	143,077
At 31 December 2021	143,077	143,077	143,077	143,077

- (e) The details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
*Vast Meridian Sdn. Bhd.	Malaysia	44.29%	44.29%	Engaged in business of providing telecommunication infrastructure solution, equipment and services.
*Esports Pte. Ltd.	Singapore	36.21%	36.21%	Engaged in business related to eSports, eSports gaming, development of global eSports tournament and media network, acquisition of eSports company in the region and to conduct all other directly or indirectly connected ancillary business.

* Audited by firm of auditors other than BDO PLT or BDO member firms.

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9. INVESTMENTS IN ASSOCIATES *cont'd*

- (e) The details of the associates are as follows *cont'd*:

The above investments are accounted for as investments in associates by virtue of the Group's ability to exercise significant influence over the financial and operating policies of the investee companies through representation in the Board of Directors of the associates.

The Group's share of results of associates are based on the most recent available unaudited financial statements made up to 31 December 2021.

- (f) Internal restructuring of Esports Pte. Ltd. ("ESPL")

In the previous financial year, ESPL had undertaken an internal restructuring exercise to raise further capital. In July 2020, the Group subscribed for 575,000 new ordinary shares in ESPL amounting to SGD57,500 (equivalent to approximately RM183,483). Pursuant to that, the Group's and the Company's effective interest in the equity of ESPL decreased from 42.55% to 36.21%.

- (g) The summarised financial information of the associates as at the end of each reporting period is as follows:

	VMSB	ESPL	Total
	RM	RM	RM
2021			
Assets and liabilities			
Non-current assets	496,098	46,775	542,873
Current assets	2,245	2,858,162	2,860,407
Current liabilities	(759,273)	(462,740)	(1,222,013)
Net (liabilities)/assets	(260,930)	2,442,197	2,181,267
Results			
Revenue	-	554,300	554,300
Depreciation of property, plant and equipment	(1,388)	(8,508)	(9,896)
Interest expense	-	(10,898)	(10,898)
Loss for the financial year	(4,855)	(3,047,502)	(3,052,357)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	(4,855)	(3,047,502)	(3,052,357)

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9. INVESTMENTS IN ASSOCIATES cont'd

- (g) The summarised financial information of the associates as at the end of each reporting period is as follows cont'd:

2020	VMSB RM	ESPL RM	Total RM
Assets and liabilities			
Non-current assets	497,516	26,754	524,270
Current assets	66,551	733,005	799,556
Non-current liabilities	-	(1,467,410)	(1,467,410)
Current liabilities	(136,914)	(897,709)	(1,034,623)
Net assets/(liabilities)	427,153	(1,605,360)	(1,178,207)
Results			
Revenue	-	991,407	991,407
Depreciation of property, plant and equipment	(4,606)	(3,130)	(7,736)
Interest expense	(1,009)	(34,131)	(35,140)
Loss for the financial year	(402,619)	(2,968,749)	(3,371,368)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	(402,619)	(2,968,749)	(3,371,368)

- (h) Reconciliation of net assets of associates to the carrying amounts of the investments in associates is as follows:

2021	VMSB RM	ESPL RM	Total RM
Group's share of net assets	(115,555)	884,244	768,689
Goodwill on acquisition	214,188	-	214,188
Unrecognised share of loss	344,444	(551,514)	(207,070)
Less: Impairment loss	(443,077)	(332,730)	(775,807)
Carrying amount of the Group's interest in associates	-	-	-
Share of results for the financial year			
Share of loss	-	-	-
Share of comprehensive income, net of tax	-	-	-
Share of total comprehensive loss	-	-	-

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9. INVESTMENTS IN ASSOCIATES cont'd

- (h) Reconciliation of net assets of associates to the carrying amounts of the investments in associates is as follows cont'd:

2020	VMSB RM	ESPL RM	Total RM
Group's share of net assets	189,186	(581,301)	(392,115)
Goodwill on acquisition	214,188	-	214,188
Unrecognised share of loss	39,703	581,301	621,004
Less: Impairment loss	(443,077)	-	(443,077)
Carrying amount of the Group's interest in associates	-	-	-
Share of results for the financial year			
Share of loss	(138,964)	(493,683)	(632,647)
Share of comprehensive income, net of tax	-	-	-
Share of total comprehensive loss	(138,964)	(493,683)	(632,647)

- (i) During the financial year, unrecognised share of losses of associates, VMSB and ESPL amounted to RM2,150 and RM1,103,500 respectively. The Group stopped recognising its shares of losses since there is no further obligation in respect of those losses using the equity method accounting.

10. FINANCE LEASE RECEIVABLES

	Group	
	2021 RM	2020 RM
Non-current		
Later than one (1) year and not later than five (5) years	7,331,052	4,529,997
Later than five (5) years	7,573,927	1,422,814
	14,904,979	5,952,811
Current		
Not later than one (1) year	1,710,269	676,540
Total finance lease receivables	16,615,248	6,629,351

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10. FINANCE LEASE RECEIVABLES *cont'd*

The repayment terms of finance lease receivables are as follows:

	Group	
	2021	2020
	RM	RM
Gross finance lease receivables:		
Not later than one (1) year	5,006,211	3,760,289
Later than one (1) year and not later than five (5) years	11,767,274	5,978,114
Later than five (5) years	9,168,698	1,715,217
	25,942,183	11,453,620
Less: Unearned interest income	(7,798,483)	(2,720,905)
Net finance lease receivables	18,143,700	8,732,715
Less: Impairment loss	(1,528,452)	(2,103,364)
	16,615,248	6,629,351
Representing finance lease receivables:		
Not later than one (1) year	1,710,269	676,540
Later than one (1) year and not later than five (5) years	7,331,052	4,529,997
Later than five (5) years	7,573,927	1,422,814
	16,615,248	6,629,351

- (a) Finance lease receivables are classified as financial assets measured at amortised cost.
- (b) The estimated market interest rate used for discounting contracted cash flows to determine the fair value of finance lease receivables are approximately equal to the effective interest rate used for computing the carrying amount of finance lease receivables. In this respect, the carrying amounts of finance lease receivables of the Group as at the end of the reporting period approximate their fair value.
- The credit term of finance lease receivables of the Group is 30 days (2020: 30 days) from the date of invoice.
- (c) The weighted effective interest rate for finance lease receivables is fixed at 10.97% (2020: 13.48%) per annum.
- (d) The Group determines concentration of credit risk by monitoring their finance lease receivables on an ongoing basis. At the end of the reporting period, concentration of credit risk arose from two (2) (2020: two (2)) finance lease receivable.
- (e) The fair value of finance lease receivables is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (f) Finance lease receivables are denominated in RM.

Notes to the Financial Statements

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10. FINANCE LEASE RECEIVABLES *cont'd*

- (g) Impairment for finance lease receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 11(g) to the financial statements.

Movements in the impairment allowance for finance lease receivables are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	2,103,364	951,905
Charge for the financial year	-	1,151,459
Reversal for the financial year	(574,912)	-
At 31 December	1,528,452	2,103,364

11. TRADE AND OTHER RECEIVABLES

	Group Restated		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current asset:				
Amount owing by a subsidiary	-	-	2,306,882	5,630,700

Current assets:

Trade receivables

Third parties	14,106,537	10,378,374	-	-
Less: Impairment losses on trade receivables	(7,496,817)	(7,849,207)	-	-
	6,609,720	2,529,167	-	-

Other receivables

Other receivables	1,112,103	666,223	3,621	3,621
Amount owing by subsidiaries	-	-	11,569,988	7,154,761
Amount owing by a related company	38,129	38,129	-	-
Refundable deposits	2,411,010	1,457,380	1,000	1,000
	3,561,242	2,161,732	11,574,609	7,159,382

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11. TRADE AND OTHER RECEIVABLES cont'd

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Less: Impairment losses on:				
- other receivable	(623,789)	(623,789)	-	-
- amount owing by subsidiaries	-	-	(1,842,822)	(1,272,779)
	2,937,453	1,537,943	9,731,787	5,886,603
	9,547,173	4,067,110	9,731,787	5,886,603
Prepayments	365,688	7,319,439	33,288	1,026,667
Total current receivables	9,912,861	11,386,549	9,765,075	6,913,270
Total current and non-current receivables	9,912,861	11,386,549	12,071,957	12,543,970

- (a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 to 60 days (2020: 30 to 60 days) from the date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amount owing by subsidiaries represent advances and payment on behalf, which are unsecured and interest free except for an amount of RM1,350,000 which bear interest charge of 7% per annum.
- (d) The ageing analysis of trade receivables of the Group is as follows:

Group 2021	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2021 RM
Not pass due	3,463,975	(76,868)	3,387,107
Past due:			
- 31 to 90 days	1,693,772	(236,174)	1,457,598
- 91 to 180 days	1,476,806	(480,016)	996,790
- 181 to 360 days	2,006,337	(1,238,112)	768,225
- more than 360 days	5,465,647	(5,465,647)	-
	10,642,562	(7,419,949)	3,222,613
	14,106,537	(7,496,817)	6,609,720

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11. TRADE AND OTHER RECEIVABLES cont'd

(d) The ageing analysis of trade receivables of the Group is as follows cont'd:

Restated 2020	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2021 RM
Not pass due	1,410,416	(113,743)	1,296,673
Past due:			
- 31 to 90 days	1,358,101	(375,307)	982,794
- 91 to 180 days	1,135,228	(894,092)	241,136
- 181 to 360 days	2,228,028	(2,223,934)	4,094
- more than 360 days	4,246,601	(4,242,131)	4,470
	8,967,958	(7,735,464)	1,232,494
	10,378,374	(7,849,207)	2,529,167

(e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristic - type of products or services purchased.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the Group's customers and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the consumer price index, unemployment rate, labour force participation rate and KLCI index (2020: consumer price index, unemployment rate, labour force participation rate and KLCI index) as the key macroeconomic factors. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within impairment losses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. Estimated cash flows recoverable in worst-case scenario are based on the fair value of the collateral.

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.

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11. TRADE AND OTHER RECEIVABLES *cont'd*

(e) *cont'd*

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

- (i) Significant financial difficulties of the debtor;
- (ii) A breach of contract such as a default in payment;
- (iii) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- (iv) It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- (v) The disappearance of an active market for a security because of financial difficulties.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, using appropriate forward looking information.

The movements of the allowance for impairment loss on trade receivables are as follows:

	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
2021			
At 1 January	6,688,472	1,160,735	7,849,207
Charge for the financial year	1,097,178	-	1,097,178
Reversal for the financial year	(1,449,568)	-	(1,449,568)
At the end of financial year	6,336,082	1,160,735	7,496,817
2020			
At 1 January	581,157	1,160,735	1,741,892
Charge for the financial year	6,108,685	-	6,108,685
Reversal for the financial year	(1,370)	-	(1,370)
At the end of financial year	6,688,472	1,160,735	7,849,207

Trade receivables that are individually determined to be credit impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.

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11. TRADE AND OTHER RECEIVABLES *cont'd*

- (f) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group is summarised in the table below:

	Group	
	2021	Restated 2020
	RM	RM
Maximum exposure	6,609,720	2,529,167
Collateral obtained	(1,638,794)	(613,434)
Net exposure to credit risk	4,970,926	1,915,733

The above collateral is the set-off right by the Group against the profit share payable by the Group to a receivable.

- (g) Impairment for other receivables, finance lease receivables, amount owing by a subsidiary, unquoted preference shares and advances to an associate are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition.

The Group defined significant increase in credit risk as non-payment for the past twelve (12) months as at the reporting period. The probability of non-payment by the other receivables, finance lease receivables, subsidiary and associates is adjusted by forward looking information as stated in Note 11(e) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the amounts owing by other receivables, finance lease receivables, a subsidiary and associates.

The movements of the allowance for impairment loss on other receivables are as follows:

	Group	
	2021	2020
	RM	RM
At 1 January	623,789	274,334
Charge for the financial year	-	349,455
At 31 December	623,789	623,789

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11. TRADE AND OTHER RECEIVABLES cont'd

(g) cont'd

The movements of the allowance for impairment loss on amount owing by a subsidiary is as follows:

	Company	
	2021 RM	2020 RM
At 1 January	1,272,779	1,058,455
Charge for the financial year	570,043	214,324
At 31 December	1,842,822	1,272,779

(h) The Group determines concentration of credit risk by monitoring their trade receivables on an ongoing basis. At the end of the reporting period, concentration of credit risk arose from two (2) trade receivables amounting to RM RM3,433,150 (2020: Nil), which represents 52% (2020: Nil) of trade receivables. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

(i) Trade and other receivables are denominated in RM.

(j) Prepayments include advance payments to suppliers for purchase of goods and services.

12. DEFERRED TAX

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2021 RM	Restated 2020 RM
Balance as at 1 January	367,888	332,775
Recognised in profit or loss (Note 24)	37,295	35,113
Balance as at 31 December	405,183	367,888

	Group	
	2021 RM	2020 RM
Presenting after appropriate offsetting:		
Deferred tax assets, net*	(406,876)	(375,688)
Deferred tax liabilities, net*	1,693	7,800
	(405,183)	(367,888)

* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group were RM33,295 (2020: RM33,295).

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12. DEFERRED TAX cont'd

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

Group	Others RM
Deferred tax liabilities	
At 1 January 2021	41,095
Recognised in profit or loss	(6,107)
At 31 December 2021	34,988
At 1 January 2020	42,595
Recognised in profit or loss	(1,500)
At 31 December 2020	41,095

Group	Property, plant and equipment RM	Other deductible temporary differences RM	Total RM
Deferred tax assets			
At 1 January 2021	(195,401)	(213,582)	(408,983)
Recognised in profit or loss	(35,943)	4,755	(31,188)
At 31 December 2021	(231,344)	(208,827)	(440,171)
At 1 January 2020	(161,788)	(213,582)	(375,370)
Recognised in profit or loss	(33,613)	-	(33,613)
At 31 December 2020	(195,401)	(213,582)	(408,983)

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12. DEFERRED TAX cont'd

- (c) The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2021	2020
	RM	RM
Other deductible temporary differences	10,818,661	10,301,363
Property, plant and equipment	748,157	1,025,250
Unabsorbed business loss		
- expires by 2029	-	83,553
- expires by 2030	-	1,723,269
	11,566,818	13,133,435

Deferred tax assets of a subsidiary have not been recognised in respect of this item as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The amount and availability of this item to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

13. INVENTORIES

	Group	
	2021	Restated
	RM	2020
		RM
At cost		
Airtime reloads	1,922	3,419
Finished goods	7,091,832	3,976,065
	7,093,754	3,979,484

- (a) Cost of inventories is determined using a weighted average cost basis and stated at the lower of cost and net realisable value.
- (b) During the financial year, inventories recognised as an expense in cost of good sold of the Group is RM12,503,037 (2020: RM10,289,531).

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14. SHORT TERM FUNDS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets at fair value through profit or loss				
Short term funds	6,799,314	1,890,895	5,972,040	53,132

- (a) Short term funds held by the Group are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (b) Short term funds are classified as financial asset at fair value through profit or loss ("FVTPL"), and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (c) The fair value is measured as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

The fair value of the short term funds are determined by reference to the published net asset value per unit at the close of the business at the end of each reporting period.

- (d) Short term funds are denominated in RM.

15. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	Restated 2020 RM	2021 RM	2020 RM
Cash and bank balances	6,507,840	11,502,140	130,392	8,824,414

- (a) Bank balances are deposits held at call with licensed banks.
- (b) Cash and bank balances are denominated in RM.

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15. CASH AND BANK BALANCES *cont'd*

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	6,507,840	11,502,140	130,392	8,824,414
Short term funds (Note 14)	6,799,314	1,890,895	5,972,040	53,132
	13,307,154	13,393,035	6,102,432	8,877,546

- (d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

16. SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	302,191,652	52,895,395	248,387,052	44,556,912
Issued during the financial year	44,997,400	12,753,746	53,804,600	8,338,483
Balance as at 31 December	347,189,052	65,649,141	302,191,652	52,895,395

- (a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM52,895,395 to RM65,649,141 by way of issuance of 44,997,400 new ordinary shares, pursuant to the following:
- 1,070,000 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.128 per ordinary share for cash;
 - 43,533,400 ordinary shares pursuant to a private placement exercise at an issue price of RM0.286 each, representing not more than twenty percent (20%) of the issued share capital of the Company; and
 - 394,000 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.128 per ordinary share for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

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cont'd

16. SHARE CAPITAL cont'd

- (b) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM44,556,912 to RM52,895,395 by way of issuance of 53,804,600 new ordinary shares, pursuant to the following:
- (i) 2,804,600 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.128 per ordinary share for cash;
 - (ii) 36,500,000 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.144 per ordinary share for cash; and
 - (iii) 14,500,000 ordinary shares pursuant to a private placement exercise at an issue price of RM0.132 each, representing not more than twenty percent (20%) of the issued share capital of the Company.
- (c) Owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

17. RESERVES

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Non-distributable				
Reorganisation debit	(24,439,680)	(24,439,680)	-	-
Share options reserve	49,854	119,662	49,854	119,662
Distributable				
Accumulated losses	(4,955,693)	(13,254,693)	(7,849,041)	(5,239,183)
	(29,345,519)	(37,574,711)	(7,799,187)	(5,119,521)

- (a) Reorganisation debit

The reorganisation debit arose from the acquisition of subsidiaries based on the difference between the amount recorded as cost of merger and the nominal value of subsidiaries' share capital acquired under the pooling of interest method of accounting as follows:

	STSB	SASC	OFS	Total
	RM	RM	RM	RM
Cost of merger	14,853,280	12,000,000	15,116,400	41,969,680
Less: Share capital	(14,000,000)	(2,000,000)	(1,530,000)	(17,530,000)
	853,280	10,000,000	13,586,400	24,439,680

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17. RESERVES cont'd

(b) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

18. BORROWING

	2021	Group Restated 2020
	RM	RM
Current liability		
Term loan I	84,941	84,941
Term loan II	190,883	-
Term loan III	99,054	88,957
Term loan IV	119,337	38,750
Letter of credit	753,393	-
Revolving credit	500,000	500,000
	1,747,608	712,648
Non-current liability		
Term loan I	325,147	375,340
Term loan II	1,555,691	-
Term loan III	232,243	331,297
Term loan IV	1,241,913	1,361,250
	3,354,994	2,067,887
Total		
Current liability		
Term loan I	410,088	460,281
Term loan II	1,746,574	-
Term loan III	331,297	420,254
Term loan IV	1,361,250	1,400,000
Letter of credit	753,393	-
Revolving credit	500,000	500,000
	5,102,602	2,780,535

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18. BORROWING *cont'd*

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) Term loan I facility is RM850,000

STSB, a wholly-owned subsidiary of the Company has secured a term loan facility of RM850,000. The purpose of the banking facilities is to part finance of infrastructure and renovation works for an office unit known as No. 10B, Level 10, Kelana Parkview Tower, Petaling Jaya, Selangor Darul Ehsan.

Term loan I is secured by a charge over a subsidiary's office building as disclosed in Note 5 to the financial statements. In addition, the term loan is guaranteed by the ultimate holding company.

It is repayable in 120 equal monthly installments commencing from 1 May 2015.

- (d) Term loan II facility is RM1,780,000

STSB, a wholly-owned subsidiary of the Company has secured a term loan facility of RM1,780,000. The purpose of the banking facilities is to part finance 58% or a maximum of RM5.15 million of the total equipment and installation cost in relation to the Energy performance contract awarded by Telekom Malaysia Berhad.

Term loan II is secured by:

- (i) Open Monies Facility Agreement between the subsidiary and the bank;
- (ii) Specific Deed of Assignment of Contract Proceeds and Charge Over Project Account between the subsidiary and the bank for the contract known as "Contract for the Proposed of Energy Saving Initiatives for Telekom Malaysia Berhad through Shared Service Concept (Energy Performance Contract)";
- (iii) Letter of guarantee for RM4,120,000 covering 80% of both facilities with total limit of RM5.15 million to be issued by Syarikat Jaminan Pembiayaan Perniagaan Berhad under Working Capital Government Guarantee Scheme Prihatin;
- (iv) Corporate guarantee by the Company; and
- (v) Joint and several guarantee by the STSB's directors.

It is repayable in 88 equal monthly installments of RM25,814 each.

- (e) Term loan III facility is RM500,000

OFS, a subsidiary of the Company has secured a term loan facility of RM500,000. The purpose of the banking facilities is to finance working capital requirements.

Term loan III is secured by jointly and severally guaranteed by the OFS's directors.

It is repayable in 60 equal monthly installments of RM10,883 each. Interest is charged at 6.00% (2020: 6.00%) above the bank base financing rate per annum.

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18. BORROWING *cont'd*

- (f) Term loan IV facility of RM1.4 million

OFS, a subsidiary of the Company has secured a term loan facility of RM1.4 million. The purpose of the banking facilities is to part finance the purchase of Lot at 1209A, Level 11, Kelana Parkview Tower, Jalan SS 6/2, 47301 Petaling Jaya, Selangor at 70% margin of financing of market value/sale and purchase agreement price.

Term loan IV is secured by:

- (i) Charge over OFS's office building as disclosed in Note 5 to the financial statements;
- (ii) Corporate guarantee by the SedaniaCorp; and
- (iii) Joint and several guarantee by the OFS's directors.

It is repayable in 120 equal monthly installments of RM14,225 each. Interest is charged at 3.93% (2020: 3.93%) above the bank base financing rate per annum.

- (g) The letter of credit facilities is secured by:

- (i) Charge over OFS's office building as disclosed in Note 5 to the financial statements;
- (ii) Charge against fixed deposits;
- (iii) Corporate guarantee by the SedaniaCorp; and
- (iv) Joint and several guarantee by the OFS's director.

Interest is charged at 2.50% (2020: 2.50%) below the bank base rate per annum.

- (h) The revolving credit facilities is secured by:

- (i) Charge over OFS's office building as disclosed in Note 5 to the financial statements;
- (ii) Corporate guarantee by the SedaniaCorp; and
- (iii) Joint and several guarantee by the OFS's directors.

Interest is charged at 2.50% (2020: 2.50%) below the bank base rate per annum.

- (i) The carrying amount of the term loan is reasonable approximation of fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the end of each reporting period.

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18. BORROWING cont'd

- (j) The weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowing of the Group that are exposed to interest rate risk is summarised in the table below:

Group	Weighted average effective interest rate per annum	Within one year	One to five years	More than five years	Total
31 December 2021	%	RM	RM	RM	RM
Term loans					
Floating rate	5.17	494,215	1,989,293	1,365,701	3,849,209
31 December 2020					
Term loans					
Floating rate	4.45	212,648	1,213,410	854,477	2,280,535

- (k) A change of 30 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit/(loss) net of tax of the Group to be higher or lower by RM11,634 (2020: RM6,340).

- (l) The table below summarises the maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
As at 31 December 2021				
Term loans	707,146	2,392,831	1,503,761	4,603,738
Revolving credit	500,000	-	-	500,000
Letter of credit	753,393	-	-	753,393
	1,960,539	2,392,831	1,503,761	5,857,131
As at 31 December 2020				
Term loans	289,349	1,482,488	953,075	2,724,912
Revolving credit	500,000	-	-	500,000
	789,349	1,482,488	953,075	3,224,912

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19. LEASE LIABILITIES

Group	Balance as at 1.1.2021	Reassessments and modifications	Payment of lease liabilities	Accretion of interest expenses	Balance as at 31.12.2021
Carrying amount	RM	RM	RM	RM	RM
Office buildings	422,773	(46,064)	(165,060)	11,466	223,115
Warehouses	740,638	133,894	(312,300)	45,206	607,438
Motor vehicle	379,796	-	(142,721)	13,704	250,779
	1,543,207	87,830	(620,081)	70,376	1,081,332

Restated Group	Balance as at 1.1.2020	Additions	Reassessments and modifications	Payment of lease liabilities	Accretion of interest expenses	Balance as at 31.12.2020
Carrying amount	RM	RM	RM	RM	RM	RM
Office buildings	383,388	163,782	58,143	(195,701)	13,161	422,773
Warehouses	530,938	396,896	-	(226,880)	39,684	740,638
Motor vehicle	459,684	-	-	(90,622)	10,734	379,796
	1,374,010	560,678	58,143	(513,203)	63,579	1,543,207

Represented by:

	Group	
	2021	Restated 2020
	RM	RM
Current liabilities	538,854	561,017
Non-current liabilities	542,478	982,190
	1,081,332	1,543,207
Lease liabilities owing to financial institutions	250,779	379,796
Lease liabilities owing to non-financial institutions	830,553	1,163,411
	1,081,332	1,543,207

(a) At the end of the financial year, the Group had total cash outflow for leases of RM880,443 (2020: RM765,497).

Notes to the Financial Statements

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19. LEASE LIABILITIES cont'd

- (b) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Weighted average incremental borrowing rate per annum	On demand or within one year	One to five years	Over five years	Total
31 December 2021	%	RM	RM	RM	RM
Lease liabilities					
Fixed rates	4.70%	538,854	542,478	-	1,081,332
Restated					
31 December 2020					
Lease liabilities					
Fixed rates	4.46%	561,017	982,190	-	1,543,207

- (c) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year	One to five years	Over five years	Total
31 December 2021	RM	RM	RM	RM
Lease liabilities	592,195	576,142	-	1,168,337
Restated				
31 December 2020				
Lease liabilities	613,040	1,008,236	-	1,621,276

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20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Trade payables				
Third parties	398,979	1,401,678	-	-
Other payables				
Other payables	766,662	720,156	79,192	141,888
Amount owing to ultimate holding company	1,938,000	15,116,400	1,938,000	-
Amount owing to a subsidiary	-	-	2,500	-
Accruals	654,753	743,515	274,423	357,034
Prepayments by customers	583,149	418,228	-	-
	3,942,564	16,998,299	2,294,115	498,922
	4,341,543	18,399,977	2,294,115	498,922

- Trade and other payables are classified as financial liabilities measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credit terms granted to the Group are 30 days (2020: 30 days) from the date of invoice.
- Amount owing to ultimate holding company and amount owing to a subsidiary represents advances and payment made on behalf, which are unsecured, interest-free and payable within twelve (12) months in cash and cash equivalent.
- The maturity profile of the liability of the Group's and of the Company's trade and other payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- Trade and other payables are denominated in RM.

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21. REVENUE

	2021	Group Restated 2020
	RM	RM
Revenue from contracts with customers:		
Sale of goods	42,297,526	23,037,264
Services rendered	6,402,012	6,440,089
Maintenance revenue	398,745	253,719
	49,098,283	29,731,072

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market and timing of revenue recognition.

31 December 2021	Malaysia RM	Asian countries RM	Russia RM	Others RM	Total RM
Major product and service line					
Sale of goods	34,873,593	3,067,651	3,595,172	761,110	42,297,526
Services rendered	6,402,012	-	-	-	6,402,012
Maintenance revenue	398,745	-	-	-	398,745
	41,674,350	3,067,651	3,595,172	761,110	49,098,283
Timing of revenue recognition					
Transferred at a point in time	41,275,605	3,067,651	3,595,172	761,110	48,699,538
Transferred over time	398,745	-	-	-	398,745
	41,674,350	3,067,651	3,595,172	761,110	49,098,283

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21. REVENUE cont'd

Disaggregation of revenue from contracts with customers cont'd

Revenue from contracts with customers is disaggregated in the table below by primary geographical market and timing of revenue recognition. cont'd

	Malaysia RM	Asian countries RM	Russia RM	Others	Total RM
Restated					
31 December 2020					
Major product and service line					
Sale of goods	15,527,640	2,100,796	4,431,840	976,988	23,037,264
Services rendered	6,440,089	-	-	-	6,440,089
Maintenance revenue	253,719	-	-	-	253,719
	22,221,448	2,100,796	4,431,840	976,988	29,731,072
Timing of revenue recognition					
Transferred at a point in time	21,967,729	2,100,796	4,431,840	976,988	29,477,353
Transferred over time	253,719	-	-	-	253,719
	22,221,448	2,100,796	4,431,840	976,988	29,731,072

(a) Sale of goods and services rendered

Revenue from sale of goods and services rendered are recognised at a point in time when the goods has been transferred or the services have been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

(b) Maintenance revenue

Revenue is recognised as and when customer simultaneously receive and consume the benefits provided by this service and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the service that would be performed to the customer.

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22. PROFIT/(LOSS) BEFORE TAX

- (a) Other than those disclosed elsewhere in the financial statements, the profit/(loss) before tax are arrived at:

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
After charging:				
Auditors' remuneration:				
- BDO PLT				
- statutory audit	159,785	150,900	66,000	52,500
- non-statutory audit	31,000	20,500	-	5,000
- Other firm of auditors				
- statutory audit	39,000	18,000	-	-
Interest expense on:				
- term loan	90,966	60,985	-	-
- lease liabilities	70,376	63,579	-	-
- letter of credit	81,239	115,397	-	-
- fair value adjustment on amount owing by a subsidiary	-	-	11,966	74,034
And crediting:				
Dividend income	-	-	-	2,000,000
Income distribution from short term funds	(82,190)	(186,960)	(72,274)	(106,695)
Interest income on:				
- finance lease	(2,119,113)	(1,387,096)	-	-
- intercompany loan	-	-	(39,612)	-

- (i) Income distribution from short term funds is recognised when the right to receive payment is established.
- (ii) Interest income from finance lease is recognised upon commencement of the finance lease agreement using a constant periodic rate of return over the period of the agreement.

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22. PROFIT/(LOSS) BEFORE TAX cont'd

- (b) Net gain/(losses) on impairment of financial assets recognised in profit/(loss) before tax are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Impairment losses on:				
- advances to an associate	-	(143,077)	-	(143,077)
- amount owing by a subsidiary	-	-	(570,043)	(214,324)
- investment in an associate			-	(803,683)
- trade receivables	(1,097,178)	(6,108,685)	-	-
- preference shares in an associate	(332,730)	(300,000)	(332,730)	(300,000)
- finance lease receivables	-	(1,151,459)	-	-
- other receivables	-	(349,455)	-	-
Reversal of impairment losses on:				
- trade receivables	1,449,568	1,370	-	-
- finance lease receivables	574,912	-	-	-
Net gain/(losses) on impairment of financial assets	594,572	(8,051,306)	(902,773)	(1,461,084)

23. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company:				
Executive:				
- fees	108,000	74,310	-	-
- other emoluments	1,446,034	1,494,093	1,332,410	1,268,129
Non-Executive:				
- fees	150,000	120,000	150,000	120,000
- other emoluments	76,333	79,667	76,333	79,667
Total	1,780,367	1,768,070	1,558,743	1,467,796

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23. DIRECTORS' REMUNERATION *cont'd*

Remuneration paid and payable to the Directors of the Company for the financial year, analysed into bands are as follows:

	2021		2020	
	Number of Directors		Number of Directors	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	-	3	-	3
RM50,001 - RM100,000	-	1	-	1
RM100,001 - RM300,000	-	-	-	-
RM300,001 - RM600,000	1	-	1	-
RM600,001 - RM900,000	1	-	1	-
	2	4	2	4

24. TAX EXPENSE

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Current tax expense based on profit/(loss) for the financial year				
- current year	1,786,688	1,198,561	-	-
- under provision in prior year	60,976	333,553	18,664	-
	1,847,664	1,532,114	18,664	-
Deferred tax (Note 12)				
- relating to origination and reversal of temporary differences	(29,473)	61,709	-	-
- over provision in prior years	(7,822)	(96,822)	-	-
	(37,295)	(35,113)	-	-
	1,810,369	1,497,001	18,664	-

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.

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24. TAX EXPENSE *cont'd*

- (b) The numerical reconciliations between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	Restated 2020 RM	2021 RM	2020 RM
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	2,911,499	(1,689,564)	(621,886)	(362,850)
Tax effects in respect of:				
Non-allowable expenses	948,999	952,937	938,406	1,185,978
Non-taxable income	(1,727,295)	(88,713)	(316,520)	(823,128)
Deferred tax assets not recognised	-	2,085,610	-	-
Utilisation of previously unrecognised deferred tax assets	(375,988)	-	-	-
	1,757,215	1,260,270	-	-
(Over)/Under provision of tax expense in prior years				
- income tax	60,976	333,553	18,664	-
- deferred taxation	(7,822)	(96,822)	-	-
	1,810,369	1,497,001	18,664	-

25. EARNINGS/(LOSS) PER SHARE

- (a) Basic

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the earnings/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	Restated 2020
Profit/(Loss) attributable to equity holders of the parent (RM)	8,299,000	(10,240,641)
Weighted average number of ordinary shares (unit)	329,247,336	264,465,803
Basic earnings/(loss) per ordinary share (sen)	2.52	(3.87)

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25. EARNINGS/(LOSS) PER SHARE cont'd

(b) Diluted

Diluted earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group	
	Restated	
	2021	2020
Profit/(Loss) attributable to equity holders of the parent (RM)	8,299,000	(10,240,641)
Weighted average number of ordinary shares (unit)	329,247,336	264,465,803
Effects of dilution due to ESOS (unit)	411,707	*
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	329,659,043	264,465,803
Diluted earnings/(loss) per ordinary share (sen)	2.52	(3.87)

* *The assumed conversion of the ESOS is not included in the computation of diluted earnings per share as the assumed conversion is considered anti-dilutive.*

In the previous financial year, the diluted loss per share was anti-dilutive. Accordingly, the diluted loss per share for the previous financial year was presented as equal to basic loss per share.

26. EMPLOYEE BENEFITS

	Group		Company	
	Restated			
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries, wages, bonuses and allowances	5,834,230	6,118,006	635,800	601,765
Defined contribution plan	620,347	605,286	12,458	12,138
Other benefits	700,542	537,722	81,328	25,094
Share option granted under ESOS	45,994	701,604	14,524	144,460
	7,201,113	7,962,618	744,110	783,457

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27. EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS, which is in force for a period of ten (10) years until 16 November 2025 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees ("Eligible Persons") of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- (c) The option price under the ESOS shall be the five (5)-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate;
- (d) The actual number of shares, which may be offered to any Eligible Persons shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 1,000 shares and in multiples of 1,000 shares and are subject to the following:
 - (i) not more than 10% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors;
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in aggregate to senior management of the Company and its subsidiaries;
 - (iii) not more than 50% of the shares available under the ESOS shall be allocated to eligible employees of the Company and its subsidiaries; and
 - (iv) not more than 10% of the new shares available under the ESOS to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee.
- (f) The shares allotted pursuant to ESOS rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

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27. EMPLOYEES' SHARE OPTION SCHEME cont'd

Details of the options over ordinary shares of the Company are as follows:

Option price:	Balance as at 1.1.2021	Granted	Exercised	Retracted*	Balance as at 31.12.2021 [^]	Exercisable as at 31.12.2021
RM0.08	1,524,400	-	(1,464,000)	(60,400)	-	-
RM0.09	500,000	-	-	-	500,000	500,000
RM0.66	-	10,900,000	-	(10,900,000)	-	-
	2,024,400	10,900,000	(1,464,000)	(10,960,400)	500,000	500,000

* Due to resignation and expiry of ESOS.

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares of 33% per year over vesting periods of 3 years.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	2021	2020
Expected life (years)	1	1 - 2
Average share price at grant date (RM)	0.14	0.16
Exercise price (RM)	0.13	0.12 - 0.14
Fair value of share options (RM)	0.08	0.08 - 0.16
Risk free rate of interest (%)	3.68	3.48 - 3.77
Expected volatility (%)	79.7	79.7 - 99.7

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28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Related parties of the Company include:

- (i) subsidiaries of the Company as disclosed in Note 8 to the financial statements;
- (ii) direct and indirect subsidiaries of the ultimate holding company, Sedania Corporation Sdn. Bhd.; and
- (iii) key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel includes the Executive Directors of the Group and of the Company.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Transactions with an ultimate holding company				
Advances from/(repayments to) ultimate holding company	(13,178,400)	(196,470)	(1,938,000)	-
Transactions with subsidiaries				
Advances given to subsidiaries	-	-	1,029,793	2,310,000
Loan given to a subsidiary	-	-	1,350,000	-
Interest income	-	-	39,612	-
Management fees	-	-	1,200,000	1,200,000
Transactions with a related company				
Repayments to a related company	-	(110)	-	-

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28. RELATED PARTY DISCLOSURES cont'd

(c) Compensation of key management personnel

The remuneration of Executive Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Short term employees benefits				
- executive Directors	1,403,169	1,391,944	1,194,729	1,113,093
- key management personnel	741,479	652,297	578,400	519,120
	2,144,648	2,044,241	1,773,129	1,632,213
Contribution to defined contribution plan				
- executive Directors	152,544	157,467	140,544	133,355
- key management personnel	19,584	15,946	-	-
	172,128	173,413	140,544	133,355
	2,316,776	2,217,654	1,913,673	1,765,568

Directors of the Group have been granted the following number of options under the ESOS:

	Group	
	2021 Number	2020 Number
Balance as at 1 January	-	-
Granted	1,000,000	18,000,000
Exercised	-	(6,500,000)
Retracted*	(1,000,000)	(11,500,000)
Balance as at 31 December	-	-

* Due to expiry of ESOS on 2 October 2021 (2020: 11 September 2020)

The terms and conditions of the ESOS are detailed in Note 27 to the financial statements.

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29. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to its shareholders through the optimisation of debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2021.

There are no changes made on the capital management, policies and procedures of the Group and of the Company during the financial year.

	Group		Company	
	2021	Restated 2020	2021	2020
	RM	RM	RM	RM
Borrowings	5,102,602	2,780,535	-	-
Lease liabilities	1,081,332	1,543,207	-	-
	6,183,934	4,323,742	-	-
Less:				
Cash and bank balances	(6,507,840)	(11,502,140)	(130,392)	(8,824,414)
Short term funds	(6,799,314)	(1,890,895)	(5,972,040)	(53,132)
Net cash	(7,123,220)	(9,069,293)	(6,102,432)	(8,877,546)
Total capital	36,303,622	15,320,684	57,849,954	47,775,874
Net debt-to-equity ratio	*	*	*	*

* *There is no debt-to-equity ratio available since the Group and the Company are in net cash positions.*

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

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29. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(b) Financial risk management *cont'd*

The Group is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures are detailed below.

(i) Credit risk

Cash deposits, trade and other receivables and finance lease receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The Group trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 60 days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of the financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 11 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 18, 19 and 20 to the financial statements respectively.

(iii) Interest rate risk

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

The exposure of the Group to changes in interest rates relates primarily to the term loan of the Group. The Group does not use derivative financial instruments to hedge its risk but regularly reviews its debt portfolio to enable it to source low interest funding.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 18 to the financial statements.

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30. MATERIAL LITIGATIONS

- (a) **Kuala Lumpur High Court Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. ("the Plaintiff") vs (1) Professional Science Technologies Sdn. Bhd. ("1st Defendant") and (2) Encik Muzir Bin Md Zanib ("2nd Defendant") (collectively referred to as "the Defendants")**

The Company's wholly-owned subsidiary, Sedania Technologies Sdn. Bhd. ("STSB" or the "Plaintiff"), via its solicitors, Messrs. J Nee, filed a Writ of Summons and Statement of Claim, both dated 27 November 2019, against Professional Science Technologies Sdn. Bhd. ("PSTECH") as the First Defendant and En. Muzir bin. Md Zanib ("En. Muzir") as the Second Defendant.

En. Muzir, in his capacity as a director for PSTECH, had approached STSB to venture into the Automatic Fare Collection System ("Project"). The main contractors of the Project appointed Intelligent Essence Sdn. Bhd. ("IESB") as the sub-contractor. IESB subsequently appointed STSB as a sub-contractor via a Letter of Award dated 4 July 2017 and Contract Works Agreement dated 6 September 2017 ("IESB Contract").

PSTECH was then appointed by STSB as a sub-contractor via a Contract Works Agreement dated 6 September 2017 ("PS Tech Contract") and is obligated to carry out the scope of works as per the IESB Contract.

STSB had duly completed the scope of works under the IESB Contract, however, IESB had failed to make payment for the sum of RM1,887,426 ("the Debt") despite STSB's various demands and requests for the same.

En. Muzir, then undertook and acknowledged to pay the Debt to STSB via a Letter of Undertaking ("the Undertaking") on 29 March 2019 and via WhatsApp messages which the Defendants had failed to adhere to the Undertaking. Further to the above, STSB proceeded with the legal action to claim from the Defendants, jointly and severally, the sum of RM 1,887,426 being the Debt due and owed by the Defendants.

The Defendants through their solicitors, Messrs. Rafida Razak & Co, filed their Statement of Defence on 24 January 2020. The Plaintiff through their new solicitor, Messrs. Ram Reza & Muhammad, filed an Amended Statement of Claim on 17 February 2020 and has received the Amended Statement of Defence from the Defendants on 5 March 2020. The Plaintiff has filed Reply to the Defence on 20 March 2020. Plaintiff had on 20 March 2020 filed Notice of Application to move the court to hear the matter under Order 14 Rules Of Court 2012 ("Summary Judgment Application").

The Kuala Lumpur High Court ("KLHC") on 25 August 2020 decided in the Plaintiff's favour ("Order 14 Judgment") held as follows:

- (i) The sum of RM1,887,426 being the debt due and owed by the Defendants to the Plaintiff;
- (ii) Interest from the date of the breach until the date of judgment in accordance with Section 11 of the Civil Law Act 1956;
- (iii) Interest on RM1,887,426 at 5% per annum from the date of judgment until full and final settlement of the debt; and
- (iv) Costs of RM3,000 subjected to the allocator fee to be paid by the Defendants to the Plaintiff.

Notes to the Financial Statements

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30. MATERIAL LITIGATIONS *cont'd*

- (a) **Kuala Lumpur High Court Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. ("the Plaintiff") vs (1) Professional Science Technologies Sdn. Bhd. ("1st Defendant") and (2) Encik Muzir Bin Md Zanib ("2nd Defendant") (collectively referred to as "the Defendants") *cont'd***

The Defendants, aggrieved and dissatisfied with the Decision by the KLHC had filed a Notice of Appeal to the Court of Appeal ("COA") which the COA on Case Management via e-review on 19 November 2020, instructed the Parties to file Written Submission with Bundle of Authorities, Executive Summary and Common Core Bundle on/before 14 June 2021.

COA further fixed 14 June 2021 as pre-Hearing Case Management and Hearing on 29 June 2021.

However, the Defendants had on 5 February 2021 served to the Plaintiff the following cause papers:

- (i) A sealed copy of Notice of Motion together with Affidavit in Support to amend their Memorandum of Appeal, which the COA fixed 15 February 2021 for Case Management. The COA during the Case Management further fixed 20 April 2021 for Hearing in COA.

The COA during Hearing on 20 April 2021 had ruled against the Plaintiff's objection for the Defendant's application to amend their Memorandum of Appeal. The COA is satisfied with the Defendant's submission that the amendment would not be prejudicial to the Plaintiff and ordered the cost to be cost in cause; and

- (ii) A sealed copy of Notice of Application together with Affidavit in Support to stay the execution for the Order 14 Judgment obtained against the Defendants, which the KLHC has confirmed that both parties have filed their affidavits as instructed by the KLHC on 16 February 2021.

The KLHC during the Case Management on 11 March 2021, instructed the Parties to comply with the following dates:

- (a) Parties to file Written Submissions on/before 1 April 2021;
(b) Parties to file Submissions in Reply on/before 22 April 2021; and
(c) Parties to attend Hearing on 16 June 2021.

The Plaintiff and the Defendants had on 10 June 2021 entered into a Settlement Agreement for the Plaintiff to accept the sum of Ringgit Malaysia: One Million and Five Hundred Thousand (RM1,500,000.00) only as full and final settlement of the Judgment Sum ("Settlement Sum") in the following manner subject to the terms and conditions as stipulated in the Settlement Agreement:-

- (i) to pay the Plaintiff the sum of Ringgit Malaysia: One Million (RM1,000,000.00) only being the partial payment of the Settlement Sum on or before 31 May 2021 in a form of banker's cheque;
- (ii) to pay the Plaintiff the sum of Ringgit Malaysia: Five Hundred Thousand (RM500,000.00) only being the final balance of the Settlement Sum on or before 26 August 2021 in a form of post dated cheque; and
- (iii) there shall be no further interest and costs payable to the Plaintiff.

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30. MATERIAL LITIGATIONS *cont'd*

- (a) **Kuala Lumpur High Court Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. ("the Plaintiff") vs (1) Professional Science Technologies Sdn. Bhd. ("1st Defendant") and (2) Encik Muzir Bin Md Zanib ("2nd Defendant") (collectively referred to as "the Defendants") *cont'd***

The Defendant's solicitor had filed a Notice of Discontinuance in relation the Notice of Appeal filed at Court of Appeal and Notice of Application for stay of execution at Kuala Lumpur High Court Civil both on 31 May 2021.

Payment for the first RM1,000,000 of the Settlement Sum has been received by the Plaintiff on 10 June 2021. The RM500,000 final balance from the Settlement Sum has been received by the Plaintiff on 26 August 2021.

31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

31.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021*

* *Early adopted by the Group and the Company*

Adoption of the above Standards did not have any material effect on the financial performance

31.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2021	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

31.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022 cont'd

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company: cont'd

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9-Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

32. COMPARATIVES FIGURES

As described in Note 3 to the financial statements, the pooling of interest method of accounting was adopted by the Group in respect of the reorganisation exercise through the acquisition of OFS by the Company.

Accordingly, the results of the Group have been stated as if OFS have been combined with the Group throughout the current and previous financial years even though the OFS was only acquired on 4 January 2021. The comparative figures of the Group have been adjusted for the effects arising from using the pooling of interest method of accounting.

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32. COMPARATIVES FIGURES cont'd

(a) Reconciliation of financial position as at 1 January 2020

	As previously reported RM	Adjustment RM	As restated RM
ASSETS			
Non-current assets			
Property, plant and equipment	1,383,109	85,737	1,468,846
Investment in associated company	749,164	-	749,164
Right-of-use of asset	841,938	516,743	1,358,681
Finance lease receivables	8,114,584	-	8,114,584
Deferred tax asset	334,275	-	334,275
	11,423,070	602,480	12,025,550
Current assets			
Trade and other receivables	11,202,377	1,793,448	12,995,825
Finance lease receivables	1,661,381	-	1,661,381
Inventories	916	1,576,566	1,577,482
Current tax assets	320,779	48,954	369,733
Short term funds	8,922,351	241,242	9,163,593
Cash and bank balances	1,954,800	1,303,539	3,258,339
	24,062,604	4,963,749	29,026,353
TOTAL ASSETS	35,485,674	5,566,229	41,051,903
EQUITY AND LIABILITIES			
EQUITY			
Share capital	44,556,912	-	44,556,912
Reorganisation debit	(10,853,280)	(13,586,400)	(24,439,680)
Reserves	(2,198,851)	(591,299)	(2,790,150)
Equity attributable to owners of the parent	31,504,781	(14,177,699)	17,327,082
Non-controlling interests	-	901,888	901,888
TOTAL EQUITY	31,504,781	(13,275,811)	18,228,970

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32. COMPARATIVES FIGURES cont'd

(a) Reconciliation of financial position as at 1 January 2020 cont'd

	As previously reported RM	Adjustment RM	As restated RM
LIABILITIES			
Non-current liabilities			
Borrowings	417,339	397,297	814,636
Lease liabilities	506,541	401,698	908,239
Deferred tax liabilities	1,500	-	1,500
	925,380	798,995	1,724,375
Current liabilities			
Trade and other payables	2,647,704	17,163,243	19,810,947
Borrowings	84,941	736,899	821,840
Lease liabilities	322,868	142,903	465,771
	3,055,513	18,043,045	21,098,558
TOTAL LIABILITIES	3,980,893	18,842,040	22,822,933
TOTAL EQUITY AND LIABILITIES	35,485,674	5,566,229	41,051,903

(b) Reconciliation of financial position as at 31 December 2020

	As previously reported RM	Adjustment RM	As restated RM
ASSETS			
Non-current assets			
Property, plant and equipment	972,465	2,621,155	3,593,620
Right-of-use assets	752,391	683,658	1,436,049
Finance lease receivable	5,952,811	-	5,952,811
Deferred tax assets	334,275	41,413	375,688
	8,011,942	3,346,226	11,358,168

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32. COMPARATIVES FIGURES cont'd

(b) Reconciliation of financial position as at 31 December 2020 cont'd

	As previously reported RM	Adjustment RM	As restated RM
Current assets			
Trade and other receivables	9,471,529	1,915,020	11,386,549
Finance lease receivable	676,540	-	676,540
Inventories	3,419	3,976,065	3,979,484
Current tax assets	227,668	(9,000)	218,668
Short term funds	1,890,895	-	1,890,895
Cash and bank balances	10,825,680	676,460	11,502,140
	23,095,731	6,558,545	29,654,276
TOTAL ASSETS	31,107,673	9,904,771	41,012,444
EQUITY AND LIABILITIES			
EQUITY			
Share capital	52,895,395	-	52,895,395
Reorganisation debit	(10,853,280)	(13,586,400)	(24,439,680)
Reserves	(14,305,766)	1,170,735	(13,135,031)
Equity attributable to owners of the parent	27,736,349	(12,415,665)	15,320,684
Non-controlling interests	-	2,605,680	2,605,680
TOTAL EQUITY	27,736,349	(9,809,985)	17,926,364

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32. COMPARATIVES FIGURES cont'd

(b) Reconciliation of financial position as at 31 December 2020 cont'd

	As previously reported RM	Adjustment RM	As restated RM
LIABILITIES			
Non-current liabilities			
Borrowings	375,340	1,692,547	2,067,887
Lease liabilities	519,812	462,378	982,190
Deferred tax liabilities	5,500	2,300	7,800
	900,652	2,157,225	3,057,877
Current liabilities			
Trade and other payables	2,102,974	16,297,003	18,399,977
Borrowings	84,941	627,707	712,648
Lease liabilities	282,757	278,260	561,017
Current tax liabilities	-	354,561	354,561
	2,470,672	17,557,531	20,028,203
TOTAL LIABILITIES	3,371,324	19,714,756	23,086,080
TOTAL EQUITY AND LIABILITIES	31,107,673	9,904,771	41,012,444

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32. COMPARATIVES FIGURES cont'd

- (c) Reconciliation of profit or loss and other comprehensive income for the financial year ended 31 December 2020

	As previously reported RM	Adjustment RM	As restated RM
Revenue	8,338,543	21,392,529	29,731,072
Other operating income	1,783,729	373,544	2,157,273
Advertisement and promotions	(211,763)	(438,959)	(650,722)
Cost of goods sold	(2,723,627)	(10,289,531)	(13,013,158)
Directors' remuneration	(1,768,070)	-	(1,768,070)
Employee benefits	(5,629,631)	(2,332,987)	(7,962,618)
Depreciation of property, plant and equipment	(461,780)	(116,188)	(577,968)
Depreciation of right-of-use assets	(322,513)	(229,981)	(552,494)
Net losses on impairment of financial assets	(8,052,676)	1,370	(8,051,306)
Other operating expenses	(1,840,518)	(3,638,731)	(5,479,249)
Finance costs	(34,492)	(205,469)	(239,961)
Share of results in associates	(632,647)	-	(632,647)
Loss before tax	(11,555,445)	4,515,597	(7,039,848)
Taxation	(447,230)	(1,049,771)	(1,497,001)
Loss for the financial year	(12,002,675)	3,465,826	(8,536,849)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	(12,002,675)	3,465,826	(8,536,849)
Loss attributable to:			
Owners of the parent	(12,002,675)	1,762,034	(10,240,641)
Non-controlling interests	-	1,703,792	1,703,792
	(12,002,675)	3,465,826	(8,536,849)

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) The COVID-19 pandemic, which started in 2020, remained an international concern as the number of COVID-19 cases continued to increase with the appearance of various variants of concern. As a result, the Movement Control Order ("MCO") initially imposed by the Government of Malaysia had subsequently entered into various phases of the MCO, followed by the announcement of the National Recovery Plan ("NRP") in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases.

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33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD *cont'd*

(a) *cont'd*

The Management has assessed the financial impact on the Group and of the opinion that there was no material financial impact arising from the pandemic. To mitigate its potential risks exposure, the Group has taken, and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

As at the date of authorisation of the financial statements, the COVID-19 pandemic is still evolving and unpredictable but expected to be better managed, as over 98% of the Malaysian adult population have completed their two-dose vaccinations while the government is effectively rolling out booster shots to strengthen protection against new COVID-19 variants. The Management is of the opinion that there is no material financial impact arising from the pandemic at this juncture. The Group is actively monitoring and managing the operations of the Group to minimise any impact arising from the COVID-19 pandemic.

(b) On 2 November 2020, the Company announced that it had entered into a Share Sale Agreement (“SSA”) with Sedania Corporation Sdn. Bhd. (“SedaniaCorp”), the ultimate holding company, for the acquisition of 51% equity interest in OFS for a total purchase consideration of RM15,116,400 to be fully satisfied by cash (“Proposed Acquisition”), and proposed to diversify the business of the Group to include the following business activities:

- (i) Consumer products specialising in healthcare, personal care, household as well as baby and childcare products; and
- (ii) Health technologies specialising in preventive healthcare technology solutions

On 4 January 2021, the Group has completed its acquisition of OFS from SedaniaCorp. A payment of RM11,240,400 has been made to SedaniaCorp and a security of RM3,876,000 has been retained by the Company pursuant to the SSA. SedaniaCorp had guaranteed that OFS will achieve actual Profit After Tax (“PAT”) of RM3,800,000 per annum for the financial years ended 31 December 2020 and 2021. First tranche of the security amounting to RM1.938 million was released on 15 June 2021 to SedaniaCorp for attainment of the financial year end 31 December 2020’s profit guarantee.

(c) On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. These development resulted in soaring global commodities and energy prices, supply chain disruption and significant decrease in value of Russian Ruble.

During the financial year, revenue contribution from Russia represented approximately 7% of the total Group revenue. At the same time, the Group has made aggressive expansion of international sales to Cambodia, Spain, South Korea, Finland, Thailand, Myanmar, Bahrain and Maldives. This expansion is expected to mitigate any potential reduction of revenue contribution from Russia in 2022.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still ongoing and remains unpredictable. The Management has assessed the financial impact on the Group and are of the opinion that there was no material financial impact arising from the crisis. The Group in actively monitoring and managing the operations of the Group to minimise any impact arising from these developments.

List of Properties

Sedania Technologies Sdn. Bhd. ("STSB")

Registered Owner	Location	Description and Existing Use	Built-Up Area (Sq. ft.)
Sedania Technologies Sdn. Bhd. ("STSB")	Unit No. 10B Level 10 Kelana Parkview Tower Jalan SS 6/2 47301 Petaling Jaya, Selangor Darul Ehsan	A unit on the 10th floor of a thirteen (13) storey office building as our head office and for our business operations	5,080
Tenure	Approximate Age of Building (Years)	Net Book Value as at 31 December 2021 (RM)	Effective Year of Purchase
Freehold	23	780,000	23 May 2011

Offspring Inc Sdn. Bhd. ("Offspring")

Registered Owner	Location	Description and Existing Use	Built-Up Area (Sq. ft.)
Offspring Inc Sdn. Bhd. ("Offspring")	Lot 1209A Level 11 Kelana Parkview Tower Jalan SS 6/2 47301 Petaling Jaya, Selangor Darul Ehsan	A unit on the 11th floor of a thirteen (13) storey office building as our head office and for our business operations	5,080
Tenure	Approximate Age of Building (Years)	Net Book Value as at 31 December 2021 (RM)	Effective Year of Purchase
Freehold	23	1,946,66	20 August 2020

Analysis of Shareholdings

As at 18 March 2022

Total Number of Issued Shares : 347,189,052
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2022

Size of Shareholdings	No. of Shareholders	%	No. of Issued Shares	%
Less than 100	22	0.40	333	0.00
100 – 1,000	830	15.05	528,701	0.15
1,001 – 10,000	2,734	49.58	14,929,400	4.30
10,001 – 100,000	1,669	30.27	55,355,500	15.94
100,001 – 17,359,451 (less than 5% of issued shares)	256	4.64	143,292,226	41.27
17,359,452 and more than 5% of issued shares	3	0.05	133,082,892	38.33
TOTAL	5,514	100.00	347,189,052	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2022

(Based on the Register of Substantial Shareholders)

No.	Name	No. of Issued Shares Held			
		Direct	%	Indirect	%
1.	Sedania Corporation Sdn. Bhd.	108,082,892	31.13	-	-
2.	Mohamed Faroz Bin Mohamed Jakel	46,473,400	13.39	-	-
3.	Datuk Noor Azrin Bin Mohd Noor	10,043,226	2.89	113,682,892 ⁽¹⁾	32.74

Note:

(1) Deemed interested by virtue of Datuk Noor Azrin Bin Mohd Noor's substantial interest in Sedania Corporation Sdn. Bhd. and his sibling, Datuk Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

Analysis of Shareholdings

As at 18 March 2022

cont'd

DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

a. DIRECTORS

The interests of the Directors in the shares of the Company as at 18 March 2022 including those of his/her spouse and child/children which are deemed interests of the Directors by reference to Section 59(11)(c) of the Companies Act 2016 are maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 59 of the Companies Act 2016, details of which are as follows:-

No.	Name	Direct interest		Deemed interest			%
		No. of issued shares	%	Spouse No. of issued shares	Child No. of issued shares	Other No. of issued shares	
1.	Tan Sri Abdul Halim Bin Ali	1,100,000	0.32	-	-		
2.	Datuk Noor Azrin Bin Mohd Noor	10,043,226	2.89	-	-	113,682,892 ⁽¹⁾	32.74
3.	Datuk Noor Syafiroz Bin Mohd Noor	5,600,000	1.61	-	-		
4.	Datuk Syed Izuan Bin Syed Kamarulbahrin	100,000	0.03	-	-		
5.	Norliza Binti Kamaruddin	-	-	-	-		
6.	Yoong Weng Hong Peter Andrew (Appointed on 13 December 2021)	-	-	-	-		

Note:

1. Deemed interested by virtue of Datuk Noor Azrin Bin Mohd Noor's substantial interest in Sedania Corporation Sdn. Bhd. and his sibling, Datuk Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

b. NON-DIRECTOR

The shareholdings of Mr. Daniel Bernd Ruppert, the Chief Executive Officer who is not a Director of the Company as at 18 March 2022 including his indirect/deemed interests, are as follows:-

No.	Name	No. of issued shares	Direct Interest			%
			No. of ESOS Options granted	No. of ESOS Options exercised	No. of issued shares	
1	Daniel Bernd Ruppert	10,200	500,000	-	10,200	0.003

Analysis of Shareholdings

As at 18 March 2022
cont'd

THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 MARCH 2022

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Issued Shares	%
1	Sedania Corporation Sdn. Bhd.	67,082,892	19.32
2	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Malaysia Debt Ventures Berhad for Sedania Corporation Sdn. Bhd.</i>	33,000,000	9.50
3	Mohamed Faroz Bin Mohamed Jakel	33,000,000	9.50
4	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohamed Faroz Bin Mohamed Jakel (STF)</i>	10,000,000	2.88
5	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azrin Bin Mohd Noor (7003861)</i>	6,500,000	1.87
6	Nasri Bin Nasrun	6,500,000	1.87
7	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sedania Corporation Sdn. Bhd.</i>	5,500,000	1.58
8	Mohamed Izani Bin Mohamed Jakel	4,684,000	1.35
9	Norliyah Binti Jaafar	4,600,000	1.32
10	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG</i>	3,558,100	1.02
11	Ahmad Zaharul Annuar Bin Zainal Abidin	3,504,100	1.01
12	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Syafiroz Bin Mohd Noor</i>	3,200,000	0.92
13	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azrin Bin Mohd Noor</i>	2,730,000	0.79
14	Sedania Corporation Sdn. Bhd.	2,500,000	0.72
15	HSBC Nominees (Asing) Sdn. Bhd. <i>J.P. Morgan Securities Plc</i>	2,437,400	0.70
16	Mohamed Faroz Bin Mohamed Jakel	2,343,400	0.67
17	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Francis Ho Ik Sing (SMT)</i>	2,279,400	0.66
18	Asia New Venture Capital Holdings Sdn. Bhd.	2,245,300	0.65
19	Oon Sze Shun	2,212,200	0.64
20	Luqman Bin Mohamed Jakel	2,115,900	0.61
21	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hafidah Binti Pawanchik</i>	1,984,300	0.57
22	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Syafiroz Bin Mohd Noor (STF)</i>	1,800,000	0.52

Analysis of Shareholdings

As at 18 March 2022

cont'd

THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 MARCH 2022 cont'd

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Issued Shares	%
23	Kamarudin Bin Ambok	1,701,000	0.49
24	Mohamed Nizam Bin Mohamed Jakel	1,700,000	0.49
25	Mohd Farhan Bin Ishak	1,600,100	0.46
26	Syarifah Noraini Binti Hussin Aljunid	1,366,100	0.39
27	Nur Syahida Bt Mohd Shafei	1,250,000	0.36
28	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Chiah Cheang</i>	1,177,300	0.34
29	Mohamed Faroz Bin Mohamed Jakel	1,130,000	0.33
30	Abdul Halim Bin Ali	1,100,000	0.32
TOTAL		214,801,492	61.85

Notice of the Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting (“8th AGM”) of Sedania Innovator Berhad (“the Company”) will be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 30 May 2022 at 11:30 a.m. for the purpose of transacting the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors’ and Auditors’ thereon. *Please refer to Explanatory Note A*
2. To approve the payment of Directors’ fees to the Directors of the Company and its subsidiaries amounting to RM546,000/- for the financial year ending 31 December 2022. Resolution 1
(Explanatory Notes B)
3. To approve the payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors of the Company for up to RM110,500/- from 31 May 2022 until the next Annual General Meeting (“AGM”) of the Company. Resolution 2
(Explanatory Notes B)
4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 21.6 of the Company’s Constitution and being eligible, have offered themselves for re-election: -
 - (i) Datuk Noor Syafiroz Bin Mohd Noor Resolution 3
 - (ii) Datuk Syed Izuan Bin Syed Kamarulbahrin Resolution 4
5. To re-elect Mr. Yoong Weng Hong Peter Andrew who retires in accordance with Clause 21.10 of the Company’s Constitution and being eligible, has offered himself for re-election. Resolution 5
6. To re-appoint Messrs. BDO PLT as the Company’s Auditors until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. Resolution 6

Notice of the Eighth Annual General Meeting

cont'd

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution with or without modifications:-

7. Authority to Allot and Issue Shares pursuant to the Companies Act 2016

Resolution 7
(Explanatory
Note C)

“**THAT** subject to the Companies Act 2016 (“**Act**”), the Constitution of the Company, the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75(1) and 76(1) of the Act to allot and issue shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

(duly signed)

CHUA SIEW CHUAN (SSM PC No.: 201908002648) (MAICSA 0777689)
CHENG CHIA PING (SSM PC No.: 202008000730) (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
29 April 2022

Notice of the Eighth Annual General Meeting

cont'd

Notes:

- (a) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a General Meeting Record of Depositors as at **18 May 2022** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy or proxies to attend and/or vote in his/her stead.
- (b) A member of the Company entitled to attend and vote at this meeting is entitled to appoint more than one (1) proxy to attend, participate, vote and speak in his/her stead at the same meeting. There shall be no restriction as to the qualification of the proxy. Where a member of the Company appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (c) Where a member is an authorised nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
- (d) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
- (f) **Publication of Notice of 8th AGM and Proxy Form on corporate website**

Pursuant to Section 320(2) of the Act, a copy of the Notice of 8th AGM together with the Proxy Form are available at the corporate website of Sedania Innovator Berhad at <https://www.sedaniainnovator.com/agm>

(g) **Appointment of Proxy(ies)**

A member may obtain the Proxy Form for the 8th AGM vide Note (f) above or the Annual Report (hard copy) or Annual Report (electronic copy) released to Bursa Malaysia Securities Berhad. The appointment of proxy(ies) may now be made vide a hard copy form or in electronic form:-

(i) **Hard copy form**

In the case of appointment made vide hard copy form, the instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or notarially certified copy of such power or authority, shall be deposited at the Share Registrar's Office at 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 or alternatively, 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 not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof i.e. no later than **Saturday, 28 May 2022 at 11:30 a.m.**

(ii) **Electronic form**

In the case of appointment made in electronic form, the transmission/ lodgement of Proxy Form should be made no less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof i.e. no later than **Saturday, 28 May 2022 at 11:30 a.m.**

Notice of the Eighth Annual General Meeting

cont'd

(A) Vide Facsimile (Fax Number: +603-2783 9222); or

(B) Vide Email (is.enquiry@my.tricorglobal.com); or

For option (A) and (B), the company may request any member to deposit original executed Proxy Form to the Company's Share Registrar before or on the day of meeting for verification purpose, **otherwise the said Faxed/ Emailed Proxy Form shall not be treated as valid.**

(C) Vide Tricor Online System (TIIH Online)

A member may register as a user with TIIH Online, whereby the Proxy Form for the 8th AGM may be electronically lodged via TIIH Online (applicable for individual shareholder only). The website to access TIIH Online is <https://tiih.online>.

(Kindly refer to Administrative Guide of 8th AGM – Electronic Submission of Proxy Form via TIIH Online).

EXPLANATORY NOTE A:

The Audited Financial Statements under Agenda 1 is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval from the members for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTE B:

Resolution 1 – Directors' fees payable for the financial year ending 31 December 2022.

Section 230(1)(b) of the Act provides amongst others, that the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries, shall be approved at a general meeting.

The proposed Resolution 1, if passed, will allow the payment of the Directors' fees to the Directors of the Company and its subsidiaries on monthly basis during the financial year ending 31 December 2022 based on the following remuneration structure:-

	Company		Subsidiaries	
	Chairman	Member	Chairman	Member
Director's Fee (per director per month)	RM5,000/-	RM2,500/-	RM3,000/-	RM2,500/-

Notice of the Eighth Annual General Meeting

cont'd

Resolution 2 – Benefits payable from 31 May 2022 until the next AGM of the Company (“**Relevant Period**”)

The benefits payable comprises meeting allowances, insurance coverage and travel expenses payable to the Non-Executive Chairman and Non-Executive Directors of the Company. In determining the estimated total amount of benefits payable to the Directors, various factors have been considered including the number of meetings for the Directors and Board Committees as well as the number of Directors involved in these meetings and other benefits in-kind payable to the Non-Executive Chairman and Non-Executive Directors of the Company.

The estimated amount of RM110,500/- for the Relevant Period is derived from a total of RM76,000/- for the financial year ending 31 December 2022 and RM34,500/- for the period from 1 January 2023 until the next AGM in year 2023. Payment of the benefits payable will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 2 is passed at the 8th AGM of the Company.

In the event that the Directors’ fees and benefits payable as proposed are insufficient due to enlarged Board size, approval will be sought at the next AGM for additional Directors’ fees and benefits to meet the shortfall.

EXPLANATORY NOTE C:

The Company wishes to renew the mandate on the authority to allot and issue shares pursuant to Sections 75(1) and 76(1) of the Act at the 8th AGM of the Company (“**General Mandate**”).

The Company had obtained the mandate from the members at the last AGM held on 24 June 2021 (“**Previous Mandate**”). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

The proposed Resolution 7, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investment project(s), working capital, acquisition(s) and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

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**SEDANIA INNOVATOR BERHAD**

[Registration No. 201301044527 (1074350-A)]

CDS Account No.	Total number of shares held

PROXY FORM

(Before completing this form please refer to the notes below)

*I / We, _____
(FULL NAME IN BLOCK LETTER)

*NRIC / Passport / Registration No.: _____ Contact No.: _____

of. _____
(FULL ADDRESS)

being a *member/members of SEDANIA INNOVATOR BERHAD ("Company"), hereby appoint:-

Full Name (IN BLOCK LETTER)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			
Email Address			
Telephone No.			

*and / or,

Full Name (IN BLOCK LETTER)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			
Email Address			
Telephone No.			

or failing *him/her, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Eighth Annual General Meeting of the Company to be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 30 May 2022 at 11:30 a.m. or any adjournment thereof.

No.	Resolutions	FOR	AGAINST
1.	Payment of Directors' fees to the Directors of the Company and its subsidiaries amounting to RM546,000/- for the financial year ending 31 December 2022.		
2.	Payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors of the Company for up to RM110,500/- from 31 May 2022 until the next AGM of the Company.		
3.	To re-elect Datuk Noor Syafiroz Bin Mohd Noor as Director.		
4.	To re-elect Datuk Syed Izuan Bin Syed Kamarulbahrin as Director.		
5.	To re-elect Mr. Yoong Weng Hong Peter Andrew as Director.		
6.	To re-appoint Messrs. BDO PLT as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to determine their remuneration.		
7.	Authority to allot and issue shares pursuant to the Companies Act 2016.		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no specific direction as to vote is given, the proxy/proxies will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____, 2022

*delete whichever is not applicable

Signature / Common Seal of Shareholder

Fold this flap for sealing

Notes:

- (a) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a General Meeting Record of Depositors as at **18 May 2022** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy or proxies to attend and/or vote in his/her stead.
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- (c) Where a member is an authorised nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
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- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
- (f) **Publication of Notice of 8th AGM and Proxy Form on corporate website**
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Then fold here

Affix
Stamp

The Share Registrar

SEDANIA INNOVATOR BERHAD
[Registration No. 201301044527 (1074350-A)]

c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Fold this flap for sealing

- (ii) **Electronic form**

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(A) Vide Facsimile (Fax Number: +603-2783 9222); or

(B) Vide Email (is.enquiry@my.tricorglobal.com); or

For option (A) and (B), the company may request any member to deposit original executed Proxy Form to the Company's Share Registrar before or on the day of meeting for verification purpose, **otherwise the said Faxed/ Emailed Proxy Form shall not be treated as valid.**

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SEDANIA INNOVATOR BHD

[Registration No. 201301044527 (1074350-A)]

Level 10, Kelana Parkview Tower,
Jalan SS6/2, 47301 Petaling Jaya,
Selangor, Malaysia

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