



ANNUAL REPORT 2022

SEDANIA INNOVATOR BERHAD



We Are Innovators.
We Improve Lives Sustainably.

In lines straight and narrow,
March the tiny ants so small,
With a purpose so steadfast,
They work hard, one and all.

No single ant can build a nest,
Or find a source of food,
But with teamwork they are the best,
And can achieve what once seemed tough.

They scurry and they hustle,
With a fervor that's intense,
Each one knowing their role,
And working with common sense.

One climbs on top of the other,
To build a bridge across the way,
And soon the ants discover,
They can carry more each day.

So let us learn from these tiny creatures,
And their spirit of unity,
For their teamwork truly features,
The essence of community.



Cover Rationale

Our 2021 cover portrayed are achievements achieved via our focus on sustainability driven by our core Sustainable Energy and Sustainable Healthcare businesses.

In 2022, we remain steadfast in our ESG journey despite facing numerous challenges along the way. We believe our SEDANIAN team work spirit will continue to lead us to seek better opportunities.

● Annual Report

| | |
|---|-----|
| Corporate Information | 2 |
| Corporate Structure | 3 |
| Corporate Milestones | 4 |
| About Us | 6 |
| Financial Calendar | 8 |
| Financial Highlights | 9 |
| Key Performance Highlights | 10 |
| Board of Directors Profiles | 14 |
| Key Management Profiles | 21 |
| Sustainability Statement | 26 |
| Corporate Governance Overview Statement | 71 |
| Management Discussion & Analysis | 92 |
| Audit & Risk Management Committee Report | 101 |
| Statement on Risk Management & Internal Control | 108 |
| Other Additional Compliance Information | 115 |
| Directors' Responsibility Statement for the Audited Financial Statement | 117 |
| Financial Statements | 118 |
| List of Properties | 205 |
| Analysis of Shareholdings | 206 |
| Notice of the Ninth Annual General Meeting | 210 |
| Proxy Form..... | 215 |

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 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

Datuk Noor Syafiroz Bin Mohd Noor
Executive Director

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
201906000013 (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 28.4.2023



INNOVATOR BERHAD

SUBSIDIARY COMPANIES

OFFSPRING INC SDN. BHD.

51%

SEDANIA AS SALAM CAPITAL
SDN. BHD.

100%

SEDANIA TECHNOLOGIES
SDN. BHD.

100%

ASSOCIATE COMPANIES

WASIYYAH SHOPPE BERHAD

20%

ESPORTS PTE. LTD.

36.21%

VAST MERIDIAN SDN. BHD.

44.29%

Corporate Milestones

2004

IDOTTV Sdn. Bhd. ("IDOTTV") 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 (SJJJB) 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").

Partnered with Sabah state government via Vast Meridian Sdn. Bhd. to provide fiberised network in the state.

Founded Esports Player League, a global esports tournament and platform provider.

2020

Expansion into health technologies with proposed acquisition of Offspring Inc Sdn. Bhd. ("Offspring"), in a move to complement Sedania's Group existing core business.

2021

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

2022

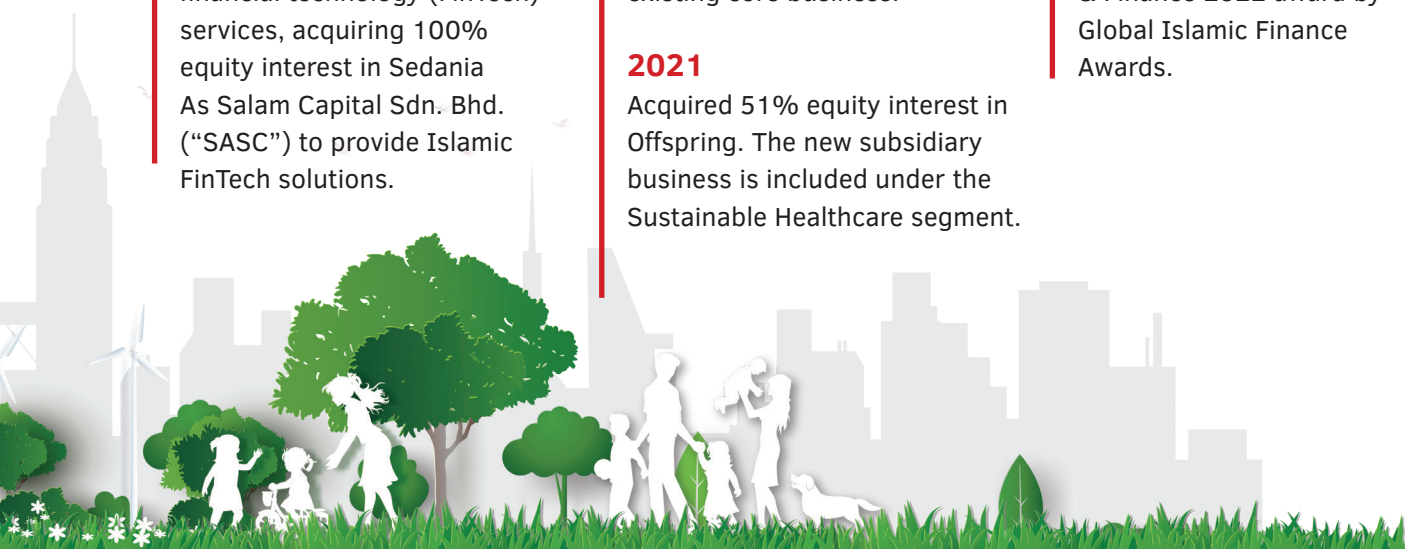
Offspring inked distribution agreements in Togo and Nigeria in Africa.

STSB obtained the Best Sustainable Energy Solutions Company award under The Brand Laureate's Bumiputera BestBrands 2022.

Fintech unit SASC bagged the Most Innovative Islamic Trading Platform - Tawarruq 2022 award by London-based business and finance magazine International Finance.

SASC partners global open API banking solutions provider Codebase Technologies to provide end-to-end digital solutions which accelerate digital banking adoption and innovation.

SASC's As-Sidq platform clinched the Best Technology Platform in Islamic Banking & Finance 2022 award by Global Islamic Finance Awards.



About Us

Who We Are

Sedania Innovator Berhad is an organisation wholly-dedicated towards the environmental, social and governance (ESG) agenda, with its businesses playing a pivotal role in enabling multiple facets of sustainability. Since listing in 2015 on the ACE Market of Bursa Malaysia, Sedania has invested in businesses which help combat climate change, are Shariah-compliant, and preserve societal wellbeing in line with a mission to improve lives sustainably. By bringing together funding, diverse expertise as well as various innovative products and solutions, Sedania is powered by growth engines which enable the company tackle energy and waste issues which increase the carbon footprint, as well as catalyse more sustainable living standards by improving financial inclusion.

Our Growth Engines

Sustainable Healthcare

Under the Offspring brand, the segment has become the fastest growing premium organic baby brand with over 170 SKUs available in 25 countries ranging from US, Europe, Southeast Asia and Africa via online sales channels and selected retail stores.

Offspring's range of sustainable and premium Australian preventive healthcare products include eco-friendly baby diapers, fully biodegradable wet wipes, organic skincare essentials, as well as plant-based homecare products.

Besides the eco-friendly and organic nature of its products which help reduce carbon emissions, Offspring's products are also recognised internationally as safe and sustainable. This is backed by its various certifications and accreditations including EcoCert, Australian allergy-safe, the FSC certificate, as well as cruelty-free and non-toxic.



Fintech

The segment is spearheaded by Fintech subsidiary Sedania As Salam Capital Sdn. Bhd., a technology provider that achieves its goal of accelerating digital banking adoption and improving financial inclusion by empowering financial services institutions (FSIs) with various Islamic fintech solutions.

This includes its core product As-Sidq, a patented fully Shariah-compliant digital commodity trading platform which facilitates financial institutions' Tawarruq requirements. As-Sidq uses telecommunications airtime as the underlying commodity for its digital platform, a technology pioneered by Sedania's first P2P proprietary Airtime Sharing (ATS) Telcotech service. To date, the segment's Shariah-compliant fintech solutions have powered close to 95 financial services institutions throughout Malaysia.



Sustainable Energy

Under subsidiary Sedania Technologies Sdn. Bhd. (STSB), the segment houses the Group's energy-saving technologies. We believe in investing in our corporate clients' future energy sustainability.

It plays the role of a sustainability enabler for corporations by deploying energy efficiency solutions and renewable energy systems for the buildings of its corporate clients. This combination enables Sedania to transform its clients to 100% energy sustainable operations.

STSB's value proposition stands out through its zero-CAPEX, profit-sharing model called Energy Performance Contract (EPC), in which green technologies are financed through future cost reductions.



TelcoTech

The Telcotech segment, under STSB, comprises our first P2P Intellectual Proprietary ATS service. The ATS is a mobile sharing solution which enables mobile users of telecommunications providers to share and transfer airtime credits to another prepaid subscriber within the same network at any time and place.



Esports

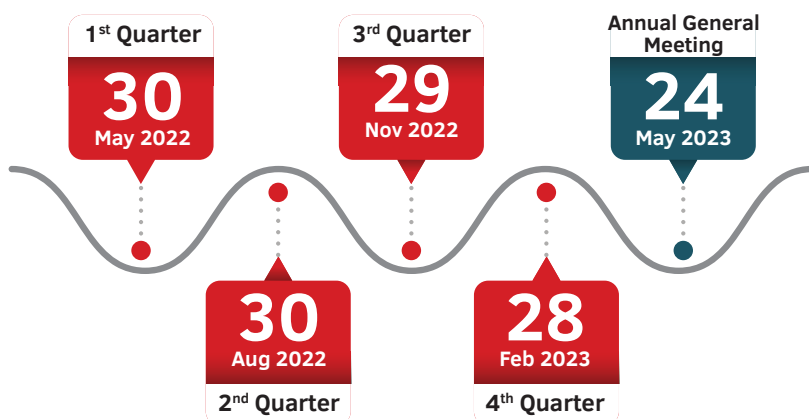
The Group's associate company Esports Pte. Ltd. runs a global Esports tournament and platform provider, Esports Players League ("ESPL"), which was founded in 2019 and currently has a global footprint across 16 countries. ESPL develops an integrated and open ecosystem for tournaments, with a focus on grassroots gaming communities and digital interactivity.



Financial Calendar

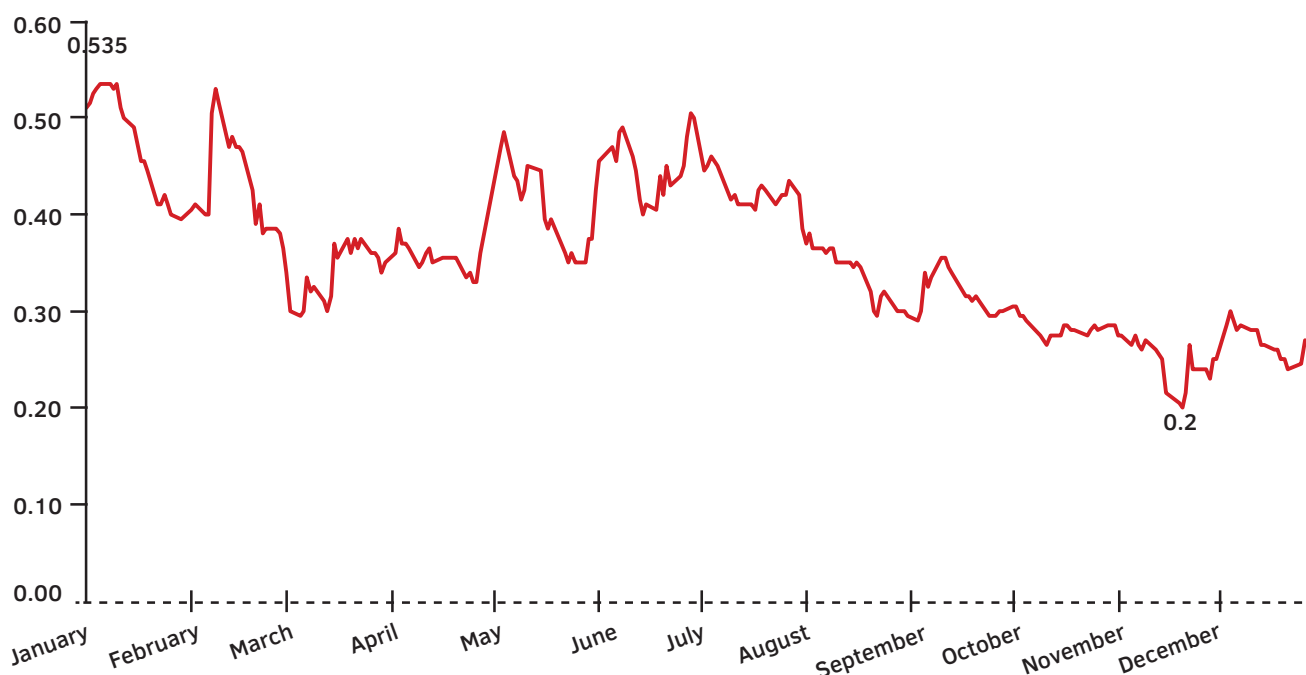
For Financial Year Ended 31 December 2022

Announcement Of Results



Share Performance

SEDANIA INNOVATOR BERHAD Historical Price FYE 2022



| | |
|---|-------------------------------|
| Year High : | RM0.535 on 7 January 2022 |
| Year Low : | RM0.20 on 22 November 2022 |
| Highest Trading Volume : | 67,032,600 on 9 February 2022 |
| Year End Close : | RM0.265 |
| Market Capitalisation As At 31 December 2022: | RM175.41 Million |

Financial Highlights

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

| RESULTS (RM'000) | 2018 | 2019 | 2020 Restated | 2021 | 2022 |
|---------------------------------|---------|--------|------------------|--------|--------|
| Revenue | 12,343 | 15,495 | 29,731 | 49,098 | 38,353 |
| Profit / (Loss) Before Taxation | (4,313) | 2,949 | (7,040) | 12,131 | 2,125 |
| Profit / (Loss) After Taxation | (4,357) | 2,486 | (8,537) | 10,321 | 1,351 |
| Profit / (Loss) For The Year | | | | | |
| Attributable to: | | | | | |
| Owners of the parent | (4,357) | 2,486 | (10,241) | 8,299 | 769 |
| Non-controlling interest | - | - | 1,704 | 2,022 | 582 |

| STATEMENT OF FINANCIAL POSITION (RM'000) | 2018 | 2019 | 2020 Restated | 2021 | 2022 |
|--|--------|--------|------------------|--------|--------|
| Total assets | 33,168 | 35,486 | 41,012 | 51,856 | 57,759 |
| Total shareholders' equity | 26,326 | 31,505 | 17,926 | 40,931 | 41,430 |
| Total liabilities | 6,842 | 3,981 | 23,086 | 10,925 | 16,329 |

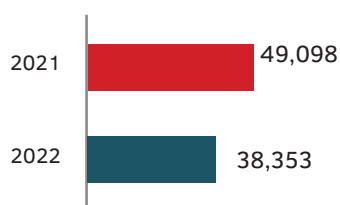
| FINANCIAL STATISTICS | 2018 | 2019 | 2020 Restated | 2021 | 2022 |
|-----------------------------------|-------------|-------------|------------------|-------------|-------------|
| PBT Margin (%) | (34.94) | 19.03 | (23.68) | 24.71 | 5.54 |
| PAT Margin (%) | (35.30) | 16.05 | (28.71) | 21.02 | 3.52 |
| Weighted Number of Shares (Units) | 225,806,452 | 248,387,052 | 264,465,803 | 329,247,336 | 347,263,426 |
| Basic Earnings Per Share (RM) | (0.019) | 0.010 | (0.039) | 0.025 | 0.002 |



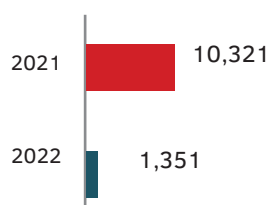
Key Performance Highlights



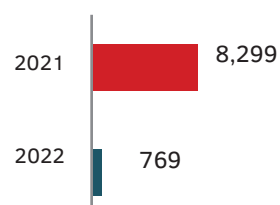
Revenue
RM'000



PAT
RM'000



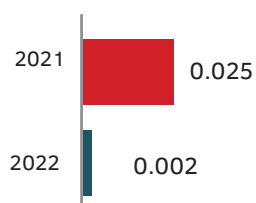
PATAMI
RM'000



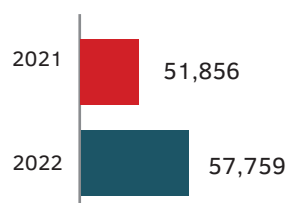
BASIC EPS
RM



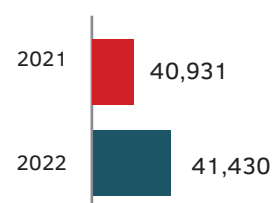
DILUTED EPS
RM



TOTAL ASSETS
RM'000

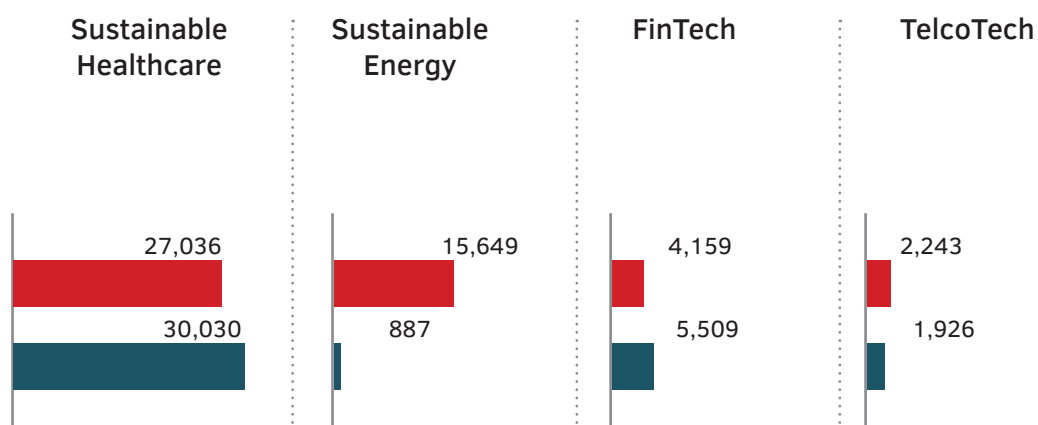


TOTAL EQUITIES
RM'000



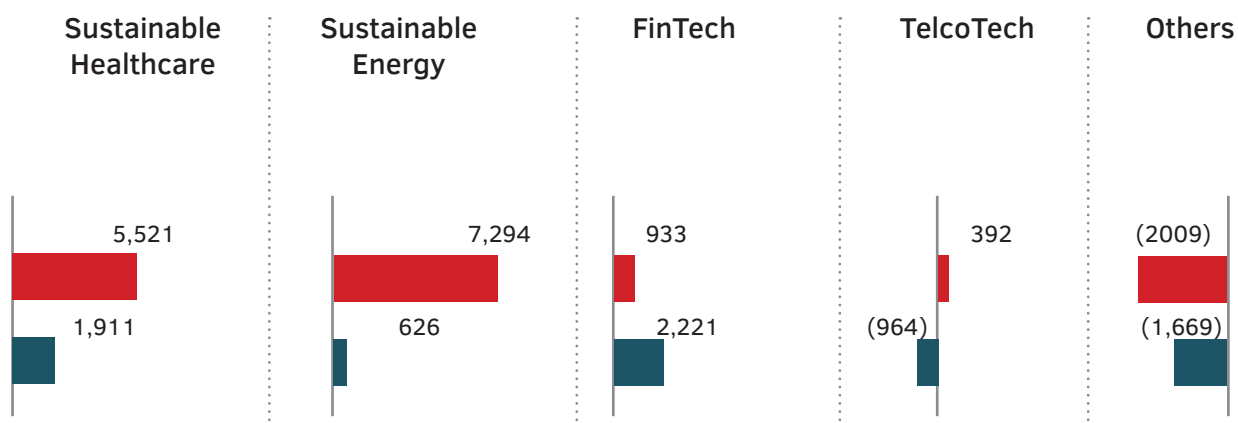
Segment Revenue RM'000

2021 2022



Segment Profit / (Loss) RM'000

2021 2022



Our Directors



From Left to Right

Yoong Weng Hong
Peter Andrew
Independent
Non-Executive Director

Datuk Syed Izuan Bin
Syed Kamarulbahrin
Independent
Non-Executive Director

Datuk Noor Azrin
Bin Mohd Noor
Managing Director

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

Datuk Noor Syafiroz
Bin Mohd Noor
Executive Director

Norliza Binti Kamaruddin
Independent
Non-Executive Director

Our Management



From Left to Right

Rizalzin Hashim Bin Mohammed
Chief Financial Officer

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

Daniel Bernd Ruppert
Chief Executive Officer

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

Razam Bin Mohd Rashid
Chief Technology Officer

Board Of Directors Profiles



Tan Sri Abdul Halim Bin Ali

Senior Independent Non-Executive Chairman

Malaysian, 79 years of age, Male

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 2022.

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, Sustainability 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-five (55) years of working experience.

Upon graduation, he joined the Ministry of Foreign Affairs in 1966, where he held several appointments

Datuk Noor Azrin Bin Mohd Noor

Managing Director

Malaysian, 53 years of age, Male

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

He is a UK law graduate and the founder of the Group, with more than twenty-eight (28) years experience in various industries including media, telecommunication, legal, banking, technology, energy, eSports and healthcare.

Datuk 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, which was on the cusp of creating a historic moment with the eventual launch of Malaysia's first satellite in 1996.

At MEASAT (now known as Astro), Datuk Azrin pioneered 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 Azrin established IDOTTV Sdn. Bhd. (which is currently known as Sedania Technologies Sdn. Bhd.), a wholly-owned subsidiary of Sedania Innovator Berhad, through which he spearheaded the development and



implementation of next-generation products and services.

In 2015, Datuk 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 Azrin's outstanding achievements 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.

Datuk Azrin's success in leading Sedania towards becoming a rapidly expanding home grown technological company was also recognised nationally, as he was appointed as a council member to represent the private sector in the National Digital Economy and 4IR council. Formed by the Government in 2020 to oversee the development of the digital economy in Malaysia, the council also acts as the highest administrative body in setting up comprehensive and effective policies as well as monitoring the nation's strategies and initiatives for the digital economy and 4IR. As one of the elected council members, Datuk Azrin contributes in terms of ideas and knowledge sharing to help accelerate and transform the digital economy landscape in Malaysia.

In the same year, Datuk Azrin was appointed as one of the council members of Majlis Kemakmuran Bumiputera ("MKB"), which 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 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 which was MPH's number 1 bestseller, "Non-Conforming". The second book "Unplugged, #WillYouStillBeAMalaysianIn10Years?" was co-authored and published in 2015 with his father, Yg. Arif Dato' Mohd Noor. Subsequently, he published his third book "Stories For Our Children", his fourth "Stories of Trials, Tribulations and Hope", and his fifth "Stories of Life: It All Starts With The Heart". Datuk Azrin is also a regular contributor in The Edge weekly publication.

At the same time, Datuk Azrin believes in giving back to the community and enhancing the wellbeing of the needy. To this end, he established Yayasan Rosni Noor in 2013, a charitable foundation that undertakes various initiatives aimed at alleviating the challenges and enhancing the wellbeing of the underprivileged.

Datuk Azrin does not hold any directorship in any other public corporation. Datuk Azrin is the brother of Datuk Firoz, 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 Azrin attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2022.

Datuk Syed Izuan Bin Syed Kamarulbahrin

Independent Non-Executive Director

Malaysian, 53 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, Sustainability 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. He later joined Malaysian Resources Corporation Berhad where he was responsible for investment analysis and evaluation. Next in his career journey he joined Sapura Group, Tradewinds Plantations Berhad and Tradewind (M) Bhd respectively as the Chief Financial Officer.

Subsequently, he joined Kuwait Finance House (Malaysia) Berhad as the Head of International Business Division. In 2012, he was the Financial Adviser to the Group's Executive Chairman for The Weststar Group, which is primarily involved in the automotive, aviation, construction & property, defense and engineering sectors.

In all, he has more than thirty (30) years of experience in corporate financing, accounting and advisory.



Currently, Datuk Syed Izuan is also an Independent Non-Executive Director in Sapura Industrial Berhad since January 2022 and Kumpulan Perangsang Selangor Berhad since August 2022.

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 all six (6) Board Meetings of the Company held during the financial year ended 31 December 2022.

Norliza Binti Kamaruddin

Independent Non-Executive Director

Malaysian, 58 years of age, Female

Puan 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, Sustainability 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 organisations. 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 Petroliaam 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 also 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 all six (6) Board Meetings of the Company held during the financial year ended 31 December 2022.

Yoong Weng Hong Peter Andrew

Independent Non-Executive Director

Singaporean, 55 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 twenty (20) 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 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 hold any directorship in any other public corporation. 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 five (5) out of six (6) Board Meetings of the Company held during the financial year ended 31 December 2022.



Datuk Noor Syafiroz Bin Mohd Noor

Executive Director

Malaysian, 46 years of age, Male

Datuk Noor Syafiroz Bin Mohd Noor was appointed to the Board as the Executive Director on 25 July 2014. He is also a member of the Sustainability Committee.

In 1998, he graduated from La Trobe University, Australia with a Bachelor of Commerce. He has over five (5) years of audit and over nineteen (19) 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 Firoz does not hold any directorship in any other public corporation. Datuk Firoz is the brother of Datuk 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 Firoz attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2022.

Key Management Profiles

Daniel Bernd Ruppert

Chief Executive Officer

German, 47 years of age, Male

Date Of Appointment: 9 January 2018

Years Of Experience: 22 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, 46 years of age, Male

Date Of Appointment: 1 January 2007

Years Of Experience: 24 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, 53 years of age, Male

Date Of Appointment: 17 August 2017

Years Of Experience: 30 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, 48 years of age, Female



Date Of Appointment: 16 April 2019

Years Of Experience: 26 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
- Distinguished Entrepreneur Lifetime Achievement Award - World Digital Economy & Technology Summit (2022)

Mohamed Roslan Ismail

Chief Executive Officer,
Offspring Inc Sdn. Bhd.
Malaysian, 62 years of age, Male

Date Of Appointment: 2 January 2020
Years Of Experience: 38 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

Chairman's Sustainability Message

Dear Shareholders,

As the Chairman of Sedania Innovator Berhad, it gives me great pleasure to present our FY2022 Sustainability Statement ("**SS2022**"), which highlights our commitment to creating long-term value for our business and stakeholders through a focus on the four pillars of Economic, Environmental, Social, and Governance ("**EESG**") sustainability. This report provides an in-depth look at our sustainability performance throughout the past year, highlighting our achievements, challenges, and ongoing commitments, and demonstrating how our company has integrated sustainability into our decision-making processes.

At Sedania, sustainability is not just a buzzword, but a fundamental aspect of our business operations. Since our listing in 2015, we have invested in innovative businesses that aims to halt climate change by helping companies embrace the transition to cleaner and more sustainable energy to reduce global greenhouse gases ("**GHG**"). At the time of this publication, global temperatures have already risen to 1.1°C according to the Intergovernmental Panel on Climate Change ("**IPCC**"), with extreme weather events becoming ever more frequent and causing widespread suffering for global communities and disruption of economic activities. Hence, we are doubly committed to ensuring that every kilogram of carbon dioxide ("**CO2**") is accounted for and that global warming is capped at or below 2°C.

As an investor in sustainability-enabling businesses, Sedania has taken significant steps to ensure that we are addressing the impacts and risks of our own business activities while maximising opportunities to create positive value for our stakeholders.



Good governance and ethical conduct form the foundation of our investment business, and we have continued to strengthen our corporate governance structure, code of conduct, and anti-corruption measures to ensure transparency, accountability, and compliance with all applicable laws, regulations, and industry standards, so that we remain in good standing to support our clients in their sustainability journey.

On the Economic front, we have made significant strides in developing our competitive value proposition, delivering high-quality products and services, promoting fair and competitive local procurement, and supporting the development of local businesses, which are detailed on pages 46 to 51. The total economic value distributed to our various shareholders in FY2022 stands at RM37,083,891/-, and we have successfully maintained our track record of 100% customer complaint resolution for the third year running, with zero health and safety, or product labelling

violations. The Group has also recorded zero breach of customer data in FY2022.

Beyond business sustainability, we are also committed to reducing our environmental impact. Our environmental stewardship efforts have centred around promoting sustainable practices and resource conservation across our business operations, and through our services. A Group-wide Energy Management Policy was established and adopted in January 2022, with an Energy Monitoring System (“EMS”) installed and upgraded in February 2022 to allow the Group to monitor our operational energy consumption in real-time and finetune it for better efficiency. Sedania is committed to reducing our CO2 emissions per RM million revenue by at least 5% annually for the near future.

We have also set a target to help our clients save 15 million kWh through our Sustainable Energy services, leveraging our Energy Efficient (“EE”) and Renewable Energy (“RE”) equipment and services to support its achievement. We have taken practicable steps to ensure the eco-friendliness of our Sustainable Healthcare products and are continuing to expand our presence in the RE sector through strategic mergers and acquisitions.

In the realm of social responsibility, we have continued to prioritise the well-being of Sedania’s employees more than anything else. This is reflected in our initiatives to promote diversity, equality, non-discrimination, inclusion and in our continued efforts to improve the disclosures of our workforce composition and diversity data.

By analysing the data at a more granular level, we are able to identify areas where gaps may exist and take targeted actions to address them to foster a positive workplace culture where the unique contributions of all 91 Sedania employees are valued and recognised. We have continued to

invest in training programmes to support their skills development, with a total of 299 training hours and RM20,597/- in training spend logged for FY2022. We have also begun tracking occupational health and safety (“OSH”) data for our operations, and successfully logged 3,120 manhours without any Lost Time Incident (“LTI”) or work-related fatality in FY2022.

While these workplace wellness strategies ensure that our workforce remains safe, healthy, and engaged, we are also mindful of the need to play our role as a socially responsible organisation to support our local communities, particularly the underprivileged. Aside from supporting socio-economic growth through job creation, prioritising local businesses in procurement consideration and fulfilling our tax contribution to local governments, Sedania has continued to apportion its investments into supporting corporate social responsibility (“CSR”) initiatives. Sedania contributed a total of RM57,300/- to the community in FY2022, including food supplies and cash donations to the underprivileged during Ramadhan 2022, extended a helping hand to the less fortunate children and single mothers in two madrasahs, and hosted a “buka puasa” buffet at the Baitul Fitrah orphanage.





Our Sustainability Journey and Milestones

| 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---|--|---|--|
| Commencement of Sustainability Reporting Journey | Adoption of United Nations Sustainable Development Goals (UNSDGs) | Aligned Sustainability Reporting to Bursa Malaysia Sustainability Reporting Guide (2nd Ed) | Conducted materiality assessment Implemented a more systematic data gathering approach | Aligned to Bursa Malaysia Sustainability Reporting Guide (3rd Ed) Aligned to TCFD |
| | | Established Sustainability Governance | Benchmarking against global frameworks and industry leading practices | Set emissions intensity reduction goals |

It is important to note that the SS2022 comes on the heels of a new sustainability reporting guideline released by Bursa Malaysia in September 2022, urging Malaysian PLCs to conform more closely to global sustainability reporting standards. Sedania, as an ACE Market listed entity, is committed to meeting and exceeding the prescribed disclosure requirements for compliance before the applicable deadlines. This sees the publication of our inaugural Task Force on Climate-related Financial Disclosures (“TCFD”) content index on our Sustainability portal at <https://www.sedaniainnovator.com/sustainability>, which aligns our climate disclosures in this report to the recommendations of TCFD. We remain steadfast in our commitment to drive

continuous improvements in our business through the adoption of sustainability best practices and recommendations outlined by global industry frameworks to strengthen the resilience of Sedania’s ability to create a more sustainable future for all

In closing, I would like to express my gratitude to all our stakeholders for their continued support, and I look forward to charting the next phase of our sustainability journey together.

Sincerely,

TAN SRI ABDUL HALIM BIN ALI

Senior Independent Non-Executive Chairman

Introduction

Sedania Innovator Berhad (“**Sedania**” or the “**Group**”) is a technology company that believes in harnessing the power of digital innovations to drive economic growth, reduce environmental impacts, and ignite social change. With a value creation strategy rooted in “Innovations that Empower Lives Sustainably,” Sedania strives to provide maximum value to the communities it serves, while also adapting to the ever-changing needs and behaviours of users.

At the heart of Sedania’s approach is a commitment to sustainability, which drives the development of policies, processes, and solutions that embed positive sustainability into all operations. By integrating sustainability into its culture, people, operations, investments in research and development, as well as talent development, Sedania continues to push the boundaries of what is possible, developing innovative ICT solutions that empower consumers in the governmental, commercial, and financial sectors. At the same time, the company remains deeply committed to promoting sustainability across its operations and encouraging its clients to follow in its footsteps.

The company’s ongoing sustainability journey is marked by a dedication to transparency and disclosure, as exemplified by the progressive strengthening of our reporting over the years, culminating in this fifth annual Sustainability Statement. The Sustainability Statement for the period of 1 January 2022 to 31 December 2022 (“**SS2022**”) offers an in-depth look at how sustainability is governed at Sedania, how the company engages with key stakeholders, and how material sustainability matters are managed.

Statement Of Use

Sedania’s Board of Directors acknowledges that the information reported in the SS2022 is prepared in reference to the Sustainability Reporting Standards established by the Global Reporting Initiative (“**GRI**”).

Reporting Scope & Boundary

The scope of Sedania’s SS2022 covers the business operations and activities of the Group and its major subsidiaries in the areas of Sustainable Energy, Sustainable Healthcare, Financial Technology (“**FinTech**”), and Telco Technology (“**TelcoTech**”) for FY2022. The Group exercises a “local where-we-operate” practice in the management of its operations.

Unless otherwise stated, activities that are outsourced and impacts involving joint venture operations, third-party vendors, and value chain partners are excluded from this report. However, Sedania recognises the significant Economic, Environmental, Social and Governance (“**EESG**”) related impacts that may arise from its extended value chain and is committed to embedding sustainability policies, practices, and culture in its relationships with third-party business partners, suppliers, vendors, and contractors. The Group hopes to report on the EESG highlights of its value chain partners in future sustainability statements.

The SS2022’s reporting boundaries are determined by the prioritisation of Sedania’s identified material topics and the GRI Reporting Principles of accuracy, balance, clarity, comparability, reliability and timeliness in defining report content and quality. By adhering to these principles, Sedania ensures that its sustainability reporting provides a comprehensive and accurate overview of its sustainability performance and the impact of its operations on stakeholders. Where

possible, historical data has been provided for comparison to make the disclosures more meaningful for stakeholders.

Precautionary Principle

Each operating segment of the Group is responsible for assessing, managing, and mitigating the risks that arise from changes in business volumes, cost structures, and other factors. This includes identifying potential risks, evaluating their likelihood and potential impact, and implementing measures to prevent or minimise them. By taking a precautionary approach to risk management, Sedania ensures that it is able to proactively identify and address potential risks before they become significant issues, thereby safeguarding the long-term sustainability of its business operations.

Frameworks And Guidelines Referenced

The SS2022 was prepared with reference to the following frameworks and guidelines:



- Bursa Malaysia Sustainability Reporting Guide 3rd Edition[#]
- GRI Standards 2021: Core Option[#]
- FTSE4Good Bursa Malaysia Index (“**FTSE4Good**”)[#]
- Task Force on Climate-related Financial Disclosures (“**TCFD**”)[#]
- United Nations Sustainable Development Goals (“**UNSDGs**”)^{*}

^{*} Content indices for these frameworks are provided at the end of this report.

[#] Content indices for these frameworks are provided on our Sustainability portal at <https://www.sedaniainnovator.com/sustainability>

Data Quality, Assurance & Limitations

In addition to the GRI reporting principles, information disclosed in the SS2022 is determined by the Group’s disclosure appetite pertaining to each material topic, with consideration for our stakeholders’ views, materiality assessment findings, as well as emerging risks, opportunities and market trends within the Group’s operating environment.

Data disclosed in the SS2022 has been sourced from official internal documents and records and is verified by the respective business units or information owners. Sedania’s sustainability working team and the Management have maintained continuous oversight in the preparation of the SS2022 and have made every effort to ensure the accuracy and reliability of the disclosed information.

Sedania did not seek third-party assurance for its non-financial data in SS2022, except for the anti-corruption data disclosed under the Governance section of this report. However, the Group plans to obtain external assurance for additional non-financial and sustainability information in future reporting cycles. Internal audit functions are outsourced to Talent League Sdn. Bhd., an independent consulting firm, while BDO PLT serves as the external auditor for the financial statements of FY2022.

While Sedania is committed to go beyond regulatory compliance in our sustainability disclosures, we acknowledge that certain indicators still pose challenges in terms of data gathering. Sedania is committed to continue strengthening its data collection and analysis procedures to enhance the quality and accuracy of its data going forward.

Forward-Looking Statements

Sedania's SS2022 contains future-oriented statements related to the Group's intentions, plans, targets, and expectations. These statements have been made in good faith and are based on reasonable current assumptions. However, it is important to note that these statements are subject to risks and uncertainties beyond the Group's control, and readers are advised not to place undue reliance on them.

Availability & Feedback

The SS2022 is prepared as part of Sedania's Annual Report 2022 ("AR2022"), which can be downloaded from the Group's website at <https://www.sedaniainnovator.com/>.

We value stakeholder engagement as a crucial part of the Group's sustainability process. Feedback and inquiries on this report and its contents can be relayed to:

Rizalzin Mohammed

Chief Financial Officer

Tel: 03 7880 2001 | Email: rizalzin@sedaniainnovator.com

FY2022 Sustainability Highlights



91
Total Workforce
 Consisting of
88% Malaysians &
84% Permanent Employees



Market Access to
23 Countries



RM37mil
Total Economic
Value Distributed to
Stakeholders



Women
 in Leadership Positions:
36% of Management
17% of Directors



Zero
Lost Time Incident &
Zero Fatalities
 with 3,120 manhours worked



299
Total Training Hours
 with RM20,597 spent



Committed to reducing
5% CO2 emissions
 annually



Published our Inaugural
TCFD Report
 ahead of compliance
 timeline



Target to achieve
15 mil kWh in energy
savings for our clients
 through Energy Efficiency



Contribute
RM57,300 to Local
 Community Development



Zero
Product Health & Safety or
Labelling Violations



100%
Customer Complaint
Resolution



Zero
Incidence of Customer
Data Breaches



Zero
Incidence of Regulatory
Non-Compliance



Zero
Incidence of
Corruption

Stakeholder Engagement



At Sedania, we understand that effective stakeholder engagement is key to the development of a robust and inclusive sustainability agenda. As such, we continually engage with our stakeholders to understand their evolving needs and expectations, and have incorporated their concerns in the identification of our material topics for the assessment conducted in FY2021. These processes provide the Board and Management with insights for decision-making on our business and sustainability strategies.




Sedania defines stakeholders as individuals or groups who are impacted by, or have the potential to impact the Group's operations, financial



performance, and reputation. We have identified our key stakeholders based on their ability to impact our business activities as well as their interests in our organisation.

To facilitate stakeholder engagement, we employ a range of communication methods, including meetings, media publications, events, reports, and other forms of outreach to streamline our stakeholder engagement efforts. Our corporate website is regularly updated with the latest news, financial results, press releases, reports, and Board developments, ensuring that stakeholders can access up-to-date information about Sedania in a timely and accessible manner.

A summary of Sedania's stakeholder management approach is presented below.

| Stakeholders | Engagement Methods | Frequency | Key Concerns / Focus Areas | Material Matters |
|---|--|--|---|--|
|  Shareholders & Investors | AGM / EGM Quarterly & Annual Reports Periodic announcements Investor briefings Electronic communication / emails | Annually Quarterly / Annually Ad Hoc Ad Hoc Ad Hoc | <ul style="list-style-type: none"> • Company performance • Profitability and growth • Strategy and future orientation • Corporate governance • Sustainability • Dividend • Anti-corruption | <ul style="list-style-type: none"> • Board Independence and Skills • Anti-Corruption • Financial and ESG Risk Management • Competitive Value Proposition |
|  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 quality & innovations • Anti-Corruption • Socioeconomic compliance • Legal / regulatory compliance | <ul style="list-style-type: none"> • Competitive Value Proposition • Product/service quality • Developing Local Businesses • Financial and ESG Risk Management • Climate Change |

| Stakeholders | Engagement Methods | Frequency | Key Concerns / Focus Areas | Material Matters |
|---|---|---|---|--|
|  Suppliers / Vendors / Contractors | Order placements Meetings Supplier audits 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 • Fair procurement process • Human/labour rights | <ul style="list-style-type: none"> • Fair and Competitive Local Procurement • Developing Local Businesses • Financial and ESG Risk Management • Product/service quality • Anti-Corruption |
|  Employees | Zoom check-in & check out Townhalls Departmental meeting Teambuilding events & festive celebrations Appraisals, performance review/incentives e.g. ESOS Electronic communication / email | Daily (during pandemic) Ad Hoc (2-3 times a year) On going Ad Hoc Yearly Throughout the year | <ul style="list-style-type: none"> • Employee remuneration & benefits • Career development • Training & education • Corporate strategy • Non-discrimination • Working environment • Job satisfaction • Employee rights and welfare • Health and safety | <ul style="list-style-type: none"> • Talent Management • Talent Satisfaction • Diversity and Equal Opportunity • Health and Safety |
|  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"> • Anti-Corruption • Financial and ESG Risk Management • Board Independence and Skills • Fair and Competitive Local Procurement • Climate Change • E-Waste • Energy Consumption |

| Stakeholders | Engagement Methods | Frequency | Key Concerns / Focus Areas | Material Matters |
|---|---|--|--|--|
|  Media | Media events Press interviews / releases | Ad Hoc / As needed Ad Hoc / As needed | <ul style="list-style-type: none"> • Company performance • Marketing | <ul style="list-style-type: none"> • Financial and ESG Risk Management |
|  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 local Community projects • Socioeconomic compliance • Environmental and social impacts | <ul style="list-style-type: none"> • Community Development • Local Communities • Climate Change • Emissions • Energy Consumption • E-Waste |

Materiality

Materiality assessments are a key component of Sedania Innovator Berhad's sustainability and risk management strategy, playing a critical role in identifying and prioritising EESG topics that are most material to the organisation and our stakeholders.

The following outlines our approach to the identification, categorisation and prioritisation of our material topics for management and disclosure in the SS2022.

1. Identification Of Material Matters

During the Materiality Assessment undertaken in FY2021, the selection of the EESG topics for assessment was made in reference to the following, prioritising topics that may have both an inward impact on our enterprise value creation ability and an outward impact on our stakeholders and the environment:

FTSE4 Good
Index

GRI Sustainability
Standard

Industry Peer
Comparison

Stakeholder's
Key Concern

The sustainability matters identified were distilled into a list of 18 material topics for inclusion in the survey, which have been categorised according to the following pillars.

ECONOMIC

- Competitive Value Proposition
- Product Service Quality
- Fair and Competitive Local Procurement
- Developing Local Businesses

ENVIRONMENT

- Climate Change
- E-Waste
- Energy Consumption
- Emissions

SOCIAL

- Talent Management
- Talent Satisfaction
- Diversity and Equal Opportunity
- Covid-19 Pandemic
- Community Development
- Local Communities

GOVERNANCE

- Financial and ESG Risk Management
- Anti-Corruption
- Board Independence and Skills
- Shareholders' Concerns

2. Assessment And Prioritisation Of Topics

An online materiality assessment survey was held from August to September 2021 to gather feedback from the Group's Board of Directors and executive leadership. Using a combination of ranking, rating and open-ended questions, respondents were asked to determine the extent of the material matters' EES impacts, impact on Sedania's value creation ability, as well as their impact to stakeholders.

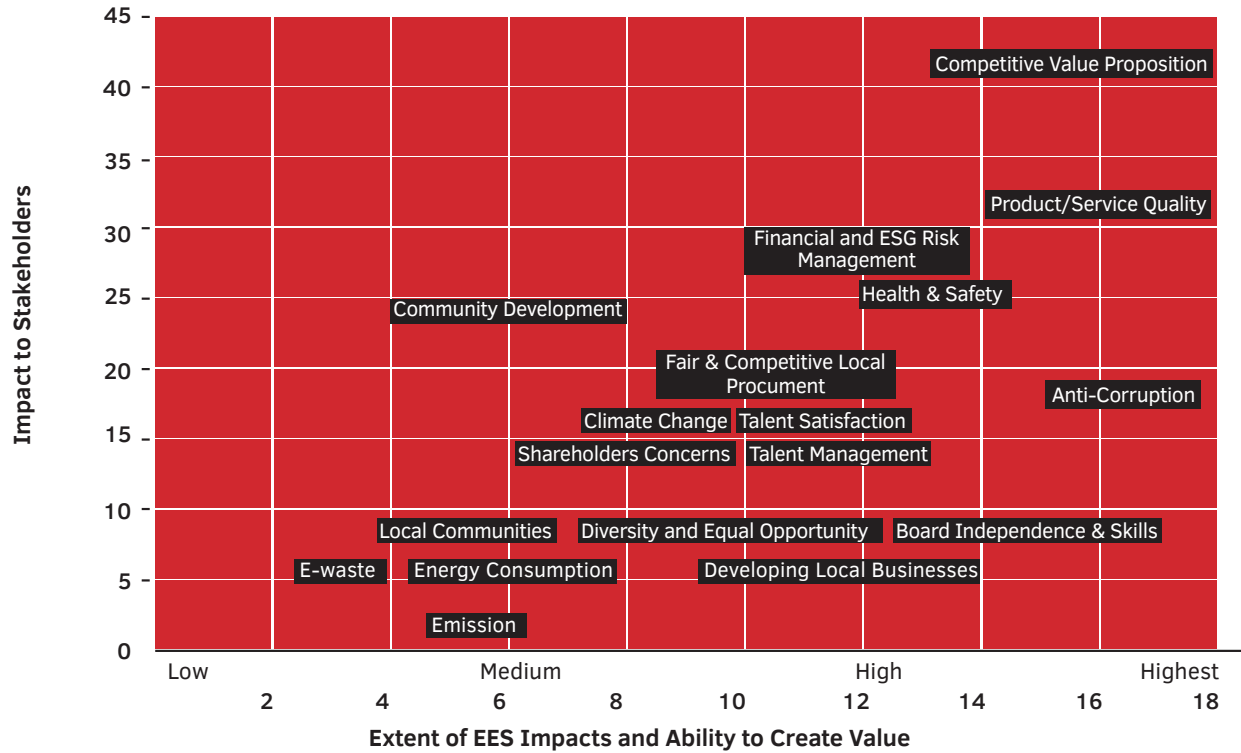
A total of 13 responses were collected during the month-long survey. The feedback gathered from the survey were tabulated using best practices in statistical analysis and plotted on a materiality matrix to determine their relative priority to the Group's sustainability agenda.

3. Review And Validation Of Materiality Findings

The resulting materiality matrix and other findings from the survey were presented to the Board for validation in FY2021.

The outcome of the materiality assessment was reviewed again during the preparation of the SS2022 and has been found to remain relevant for disclosure, with COVID-19 renamed as Health and Safety to reflect the transition to endemic management of the disease and to align with Bursa Malaysia's new sustainability reporting guideline.

Sedania's FY2022 Materiality Matrix



4. Identifying Future Priorities for Materiality

Sedania recognises the importance of incorporating external feedback into our materiality assessment process.

As the FY2021 materiality survey and FY2022 desktop reviews were conducted based on internal assessments and considering the new disclosure requirements under Bursa Malaysia's 3rd Edition Sustainability Reporting Guide, the Group intends to undertake a comprehensive reassessment of our material matters in the future to strengthen the management of our EESG risks.

GOVERNANCE MATTERS

GRI 205, 206, 308, 415, 418



Corporate governance is essential to ensure that the entire organisation is managed and directed towards becoming a company that is focused on EESG (Economic, Environmental, Social, and Governance) considerations. By embodying and practising good corporate governance, Sedania Innovator Berhad can maintain integrity, corporate responsibility, and accountability throughout its operations.

The Group has implemented a wide range of governance frameworks and policies to manage the sustainability of Sedania and its subsidiaries. These frameworks and policies are periodically reviewed by the Board and updated as needed to comply with the new regulations and align with the requirements of the Group.

| | |
|---|--|
| Board Charter | Code of Conduct and Business Ethics |
| Terms of Reference - ESOS Committee | Terms of Reference – Audit and Risk Management Committee |
| Terms of Reference – Nomination Committee | Terms of Reference – Remuneration Committee |
| Anti-Bribery and Corruption Policy | Whistleblowing Policy |
| Sustainability Policy | Terms of Reference – Sustainability Committee |

To learn more about the Group's governance frameworks and policies, please visit our Investor Relations portal at <https://www.sedaniainnovator.com/corporate-governance>.

The Chairman and Board of Sedania Innovator Berhad provide primary oversight and stewardship over the Group's corporate governance, risks, audit, remuneration, and operations, as well as matters related to its EESG impacts. They are responsible for ensuring that sustainability is embedded throughout the organisation.

To implement Sedania's sustainability strategy, the Executive Director ("ED"), Datuk Noor Syafiroz Bin Mohd Noor, and the Group Chief Executive Officer ("GCEO"), Mr. Daniel Ruppert, oversee its implementation in the business divisions, with support from members of the Key Management. Together, they ensure that sustainability is integrated from the top management to operations level, while progress and performance are reported up the chain of command to support sound decision-making for sustainability.

The Group established a Board Sustainability Committee ("BSC") in FY2021, which was formalised in FY2022 to strengthen sustainability and provide more comprehensive oversight of the Group's EESG matters. The BSC is responsible for developing an effective response to material EESG matters to sustain and improve the financial and non-financial values created for stakeholders. Additionally, the BSC is responsible for championing sustainability and strategising its progressive integration into the organisational culture, business model, business strategies, and business processes, including risk management and mitigation.

| WHO | 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 GCEO | 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 division | Collate sustainability related information against measurable indicators |
| Working Level | Implement the plan in their respective job functions | |

The Compliance Officer and the Board Committee provide oversight of the Group's performance in corporate governance and conduct periodic reviews as needed to ensure compliance with relevant regulations and best practices.

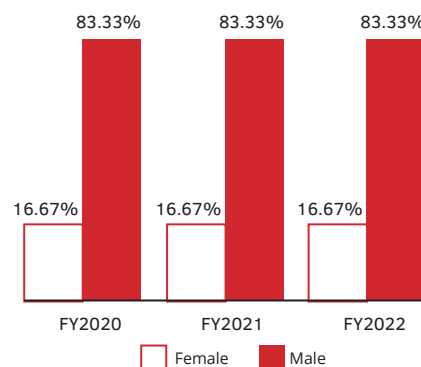
Board Independence And Skills

Sedania values the independence of our Board and have put in place a range of policies and processes to ensure the right mix of skills and experience to guide the Group's strategic growth responsibly in line with the recommendations of the Malaysian Code on Corporate Governance ("MCCG") 2021. The Board comprises a mix of Executive and Non-Executive Directors, with a majority of Non-Executive Directors to ensure independent oversight of the Group's operations. The positions of Chairman and CEO are also separated to promote accountability and ensure clear division of responsibilities.

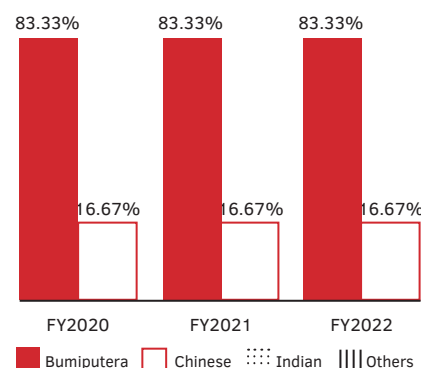
The Board is also composed of members with diverse skills, experiences and backgrounds to ensure effective decision-making. We strive to ensure that our Board comprises leaders from diverse professional backgrounds, skills, competencies, and ideas, providing meaningful insights from different angles and thought processes. While Sedania is fully committed to upholding gender and ethnic diversity, the Board believes that all qualified individuals should receive fair and equal consideration. This shown in the current Board composition, which comprises a mixture of both genders and mixed races. Details of the Directors' positions, skills, and experience can be found in the Board of Directors section of this AR2022.

In support of gender equality, we have appointed a female Board member in 2016 ahead of regulatory requirements. Women representation at the Board currently stands at 17%. We are committed to progressively diversifying our Board to achieve 30% female representation in line with the MCCG 2021 recommendations.

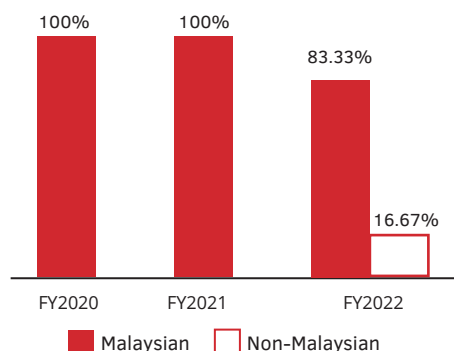
Board Composition Breakdown by Gender (%)



Board Composition Breakdown by Ethnicity (%)



Board Composition Breakdown by Nationality (%)



The Board is also committed to ensuring its independence in carrying out its oversight functions, adhering to the Code of Conduct & Business Ethics' guidelines for handling conflicts of interest related to Directors. Sedania adheres to best practices in Board independence, with a ratio of four Independent Directors to two Non-Independent Directors, giving our Board a 66.67% independent majority. All Independent Non-Executive Directors have been assessed as independent in accordance with the MCCG 2021 and have no material relationships or conflicts of interest that could interfere with their independence. The Board also ensures that Independent Non-Executive Directors are able to exercise objective and independent judgements in decision-making processes.

To ensure continued Board effectiveness, the Nomination Committee conducts an annual Board Effectiveness Evaluation to assess the Board's composition, skills, and effectiveness. The evaluation considers feedback from stakeholders and provides recommendations for any necessary changes to the Board's composition or skills. The Board has also established a transparent process for the appointment and removal of Directors at the Annual General Meeting ("AGM"), and for shareholders to vote on Non-Executive Directors' remuneration. A summary of our Corporate Governance performance data is provided below:

| GOVERNANCE DISCLOSURES | UNIT OF MEASUREMENT | FY2021 | FY2022 |
|---|---------------------|------------|------------|
| Number of Board of Directors | Number | 6 | 6 |
| Number of Independent Directors on the Board | Number | 4 (67%) | 4 (67%) |
| Number of Women on the Board | Number | 1 (17%) | 1 (17%) |
| Number of Directors with Disability | Number | 0 | 0 |
| AGM Notice Filing Date | DD-MM-YYYY | 24-05-2021 | 29-04-2022 |
| AGM Date | DD-MM-YYYY | 24-06-2021 | 30-05-2022 |
| Number of Days between the Date of Notice and Date of Meeting | Number of Days | 31 | 31 |

The Remuneration Committee, composed entirely of Independent Non-Executive Directors, is responsible for reviewing and recommending the remuneration policy for Executive Directors/CEOs and Non-Executive Directors to the Board for approval. The Committee also presents entitlements under any share schemes to the Board and relevant EDs and Key Management team. The ESOS Committee reviews and recommends awards/grants of ESOS to eligible employees. Currently, the Board members and Executive Management team do not have ESG-linked performance objectives in their remuneration package but aim to include long-term incentives and ESG-linked performance indicators in the future.

More details can be viewed at our Board Charter at <https://www.sedaniainnovator.com/> and the Corporate Governance Overview Statement of this AR2022.

Financial And EESG Risk Management

The Board at Sedania has established a robust framework for managing financial and EESG risks, which is outlined in the reports of the Audit and Risk Management Committee and the Statement on Risk Management and Internal Controls in this annual report. Through these Board functions, Sedania takes significant steps to identify, monitor, and address all major risks that have the potential to affect the Group's value creation ability, including climate change and other EESG risks. The Group ensures that its risk register is updated in a timely manner to effectively manage these risks. Our disclosure on risks and mitigation measures can be found under the "Anticipated or Known Risks" section of the Management Discussion and Analysis on page 97-99 of this Annual Report.

Anti-Bribery And Corruption

The negative impact of corruption on sustainable development, society's well-being and economic growth underscores the importance of eliminating it through good governance mechanisms, policies, and practices. Sedania recognises this and has made it a primary component of its EESG approach.

The Group has a zero-tolerance policy towards all forms of corruption and bribery and has implemented the Anti-Bribery and Corruption ("**AB & C**") Policy in FY2020 to promote transparency and ensure compliance with the Malaysian Anti-Corruption Commission ("**MACC**") Act 2009 and the MACC (Amendment) Act 2018. The Policy includes procedures, monitoring protocols, and reporting frameworks for the Group and its third-party partners. The Board has oversight of the anti-corruption efforts and is supported by Heads of Departments and 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, to ensure compliance.

All managers and employees are required to be familiar with and comply with the Policy. New employees are required to undergo an induction training on their first week of onboarding that covers explanation of the AB&C policy conducted by the HR Department. Periodic refreshers on the AB&C Policy and Whistleblowing Policy are also provided to existing staff through email blasts. Suppliers, business partners, contractors and agents receive a copy of our AB&C Policy to communicate our zero-tolerance stance towards bribery and corruption. A clause on its adherence is included in all our commercial agreements.

Beyond policy adoption, Sedania provides regular anti-corruption awareness training to all new and

existing employees, third-party partners, and the Board of Directors. Sedania has also established due diligence procedures for screening, engaging, and managing third-party partners to investigate any direct or indirect conflicts of interest that may increase the possibility of corruption.

The Board has ensured the Policy's effectiveness according to the Guidelines on Adequate Procedures ("**GAP**") and the T.R.U.S.T principles, which require Top level commitment, Risk assessment, Undertake control measures, Systemic review, monitoring and enforcement, and Training and communication.

Furthermore, Sedania's commitment to anti-corruption is demonstrated through the Group's status as an apolitical organisation, which ensures that no monetary contributions are made to political parties.

A summary of our Anti-Corruption and Regulatory Compliance Performance Data is provided on the next page.

| CATEGORY | DESCRIPTION | FY 2020 | FY 2021 | FY 2022 |
|--|---|---------|---------|---------|
| Operations assessed for risks related to corruption | a) i) Total number of operations assessed for risks related to corruption | 0 | 0 | 0 |
| | ii) Percentage of operations assessed for risks related to types of corruption | 0 | 0 | 0 |
| | iii) Number of corruption risk assessments based on types of corruption, including bribery | 0 | 0 | 0 |
| | b) Significant risks related to corruption identified through the risk assessment | 0 | 0 | 0 |
| Communication and training about anti-corruption policies and procedures | a) i) Total number of governance bodies members that the organisation's anti-corruption policies and procedures have been communicated to | 100% | 100% | 100% |
| | ii) Total number of directors | 100% | 100% | 100% |
| | iii) Percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to | 100% | 100% | 100% |
| | b) Number and Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to by employee category: | 100% | 100% | 100% |
| | Number and percentage of managerial staff | 100% | 100% | 100% |
| | Number and percentage of executive staff | 100% | 100% | 100% |
| | Number and percentage of operational staff | 100% | 100% | 100% |
| | c) Number and Percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken up by type of business partner. | 100% | 100% | 100% |
| | d) Number and Percentage of governance body members that have received training on anti-corruption | 100% | 100% | 100% |

| CATEGORY | DESCRIPTION | FY 2020 | FY 2021 | FY 2022 |
|--|---|---------|---------|---------|
| | Total number of directors | 6 | 6 | 6 |
| | Number of directors who have received training on anti-corruption | 6 | 6 | 6 |
| | Percentage of directors who have received training on anti-corruption | 100% | 100% | 100% |
| | e) Number and Percentage of employees that have received training on anti-corruption by employee category: | 60% | 0% | 100% |
| | Total number of employees | 23 | 0 | 91 |
| | Number of managerial staff | 12 | 0 | 33 |
| | Number of operational staff | 0 | 0 | 15 |
| | Number of executive staff | 11 | 0 | 43 |
| Number of training hours relating to anti-corruption | Number of hours directors have received training on anti-corruption | 2.5h | 2.5h | 0.5h |
| | Number of hours managerial staff have received training on anti-corruption | 2.5h | 2.5h | 0.5h |
| | Number of hours operational staff have received training on anti-corruption | 2.5h | 2.5h | 0.5h |
| | Number of hours executive staff have received training on anti-corruption | 2.5h | 2.5h | 0.5h |
| | Total training hours | 2.5h | 2.5h | 0.5h |
| | Number of executive staff | 0 | 0 | 0.5 |
| Confirmed incidents of corruption and actions taken | a) Total number of confirmed incidents of corruption | 0 | 0 | 0 |
| | Nature of confirmed incidents of corruption | NA | NA | NA |
| | b) Total number of confirmed incidents in which employees were dismissed or disciplined for corruption | 0 | 0 | 0 |
| | c) Total number of confirmed incidents when contracts with suppliers & contractors were terminated or not renewed due to violations related to corruption | 0 | 0 | 0 |

| CATEGORY | DESCRIPTION | FY 2020 | FY 2021 | FY 2022 |
|----------------------------|---|---------|-----------|------------|
| | <i>d) Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases.</i> | 0 | 0 | 0 |
| | <i>Cost of fines, penalties or settlements in relation to corruption</i> | 0 | 0 | 0 |
| Regulatory Compliance | <i>Has the company and / or subsidiaries been fined or censured for any environmental non-compliance?</i> | NA | NA | No |
| | <i>Has the company and / or subsidiaries been fined or censured for any socioeconomic non-compliance?</i> | NA | NA | No |
| | <i>Incidents of non-compliance with regulations resulting in a fine or penalty;</i> | NA | 1 | 2 |
| | <i>Incidents of non-compliance with regulations resulting in a warning</i> | 0 | 0 | 0 |
| | <i>Total monetary value of significant fines</i> | NA | RM5,000/- | RM38,337/- |
| | <i>Total number of non-monetary sanctions</i> | 0 | 0 | 0 |
| Anti-Competitive Behaviour | <i>Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant</i> | 0 | 0 | 0 |
| | <i>Number of cases brought through dispute resolution mechanisms</i> | 0 | 0 | 0 |
| Whistleblowing | <i>Number of cases of misconduct reported through the Whistleblowing channel</i> | 0 | 0 | 0 |

The accuracy of the anti-corruption data disclosed in this report has been independently verified by Talent League Sdn. Bhd., a professional consulting firm.

Code of Conduct and Business Ethics

Sedania has established a formal Code of Conduct and Business Ethics (“**Code**”) for employees and directors, which aims to cultivate ethical and professional conduct across the Group by providing guidance and fostering high standards of behaviour expected of all employees in their duties and dealings with 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 required to declare their adherence to the Code, with the Human Resources Department responsible for overseeing compliance. Any non-compliance will be reported directly to the Human Resources Department for disciplinary action.

More information can be found on the Investors Relation webpage at <https://www.sedaniainnovator.com/> and in the Corporate Governance Overview Statement of this AR2022.

Whistleblowing Mechanism

Sedania has implemented a Whistleblowing Policy to encourage employees and stakeholders to report any suspected incidents of fraud, embezzlement, abuse of power, violation of laws and regulations,

or other misconduct 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.

Whistleblowing reports can be made to the designated persons through verbal or written communication. All reports made in good faith will be investigated thoroughly and fairly, without fear of reprisal.

The following is a list of authorised individuals and committees who will be responsible of handling, investigating, and reviewing the Whistleblower’s report: -

- a) Management of the Company;
- b) Group’s Compliance Officer;
- c) Chief Executive Officer;
- d) Audit and Risk Management Committee; and
- e) Board of Directors

In FY2022, the Group has instituted two formal reporting channels as outlined below, and has updated the Whistleblowing Policy to reflect these changes:

a) Open-Door Discussion

Employees are encouraged to raise any issues to the next level of management directly with their immediate managers, or the Group’s Compliance Officer if an employee has reason to believe that his/her manager is involved or has a conflict of interest. Third parties can directly contact the appropriate business managers at the Group to lodge any report in relation to the Whistleblowing Policy. The management in receipt of the report must document it through an open-door intake form, and lodge the intake form to the Group’s Compliance Officer which then will be forwarded to the Chief Executive Officer (“**CEO**”) and Audit and Risk Management Committee for review

and further investigation, while maintaining a centralised incident management database.

b) E-mail

Whistle-blowers may report any issues via the Group's public whistleblowing email at whistleblowing@sedaniainnovator.com

The identity of the individual who made the whistleblowing report shall remain confidential. There were zero whistleblowing reports received in FY2022.

ECONOMIC MATTERS

GRI 201, 203, 204, 414, 416



Sedania's commitment to economic sustainability is an integral part of the Group's overall sustainability strategies. Aside from our fiduciary responsibility to generate profits and maximise returns to Sedania's shareholders, sustainable financial value creation is key to supporting our clean energy, sustainable healthcare and social impact initiatives. At the same time, effective management of environmental and socioeconomic risks and opportunities also contribute to the long-term value of Sedania's business.

The importance of sustainable economic value creation is reflected in the Board's oversight of the critical areas of Competitive Value Proposition, Product Service Quality, Fair and Competitive Local Procurement, and Developing Local Businesses. The Board receives support from the Group CEO and Senior Management team in the development and implementation of strategies for creating shared economic value for all our stakeholders.

Product & Service Quality

At Sedania, we consider the quality of our products and services to be essential for our brand and long-

term success. Ensuring consistency in product and service quality, and customer satisfaction across all elements of our business is crucial to maintain our competitive edge in the industry. We understand that our customers' trust and confidence in our products and services are the key to our success.

To improve product and service quality, we have implemented quality assurance processes across the various subsidiaries of the Group. At Sedania's subsidiary Offspring, product and service quality involves managing sourcing, ingredients, packaging, delivery, and omnichannel sales touchpoints. We also work closely with our contract manufacturers to resolve potential issues at the start of the manufacturing process and perform inspections on finished products to guarantee strict control. At SASC, we ensure the quality of the trading platform's origination, trading process, and ecosystem for our banking sector clients are seamless and hassle-free.

Our Quality Control Department, along with Sedania's Head of Operations and Head of Technology, is responsible for ensuring the quality of our products and services, and maintaining customer satisfaction. We regularly engage with customers to understand their evolving needs and tailor our product and service solutions accordingly. To monitor customer satisfaction, we perform a customer satisfaction survey at least once a year, which serves as a key engagement channel. We have adopted an Information Security Management System to protect the confidentiality, integrity, and availability of our assets.

Our commitment to product and service quality and customer satisfaction is reflected in our performance. We have disclosed our customer complaint resolution performance for the past three years in the following table on customer satisfaction and our product responsibility performance.

| Customer Satisfaction & Product Responsibility | FY2020 | FY2021 | FY2022 |
|---|--------|--------|--------|
| Customer Complaints Received (Product Complaints) | 34 | 38 | 116 |
| Customer Complaints Resolved (Product Complaints) | 34 | 38 | 116 |
| Rate of Customer Complaints Solved (%) | 100% | 100% | 100% |
| Number of incidents of non-compliance concerning the health and safety impacts of products and services | NA | NA | 0 |
| Number of incidents of non-compliance with regulations or voluntary codes concerning information and labelling of products and services | 0 | 0 | 0 |
| Substantiated complaints concerning breaches of customer privacy and losses of customer data | 0 | 0 | 0 |
| Total number of identified leaks, thefts, or losses of customer data | 0 | 0 | 0 |

In the future, we aim to enhance our customer satisfaction efforts by implementing a customer complaint resolution system tailored to each business segment's unique characteristics.

As a digital-focused company, we handle significant amounts of customer data and information, which may be sensitive. We prioritise our customers' right

to data privacy and comply fully with the Personal Data Protection Act 2010 ("PDPA"). Our suppliers and business partners who meet this information are required to sign Non-Disclosure Agreements to safeguard our customers' privacy. We also align our data privacy practices with those of our banking partners and undergo annual audits to ensure compliance.

We have had no incidents of non-compliance with regulations or voluntary codes regarding product information and labelling, nor have there been any incidents of non-compliance with health and safety regulations related to our products in the last three years.

Competitive Value Proposition

Sedania plays a significant role in digitising various sectors of Malaysia's economy. As a solutions provider, employer, consumer of local products and services, and taxpayer, Sedania's economic value creation spans various layers, contributing to the national agenda by raising living standards, creating jobs, investing in communities, and accelerating the nation's transition to net-zero carbon emissions by 2050. Our collaboration with customers helps us develop efficient operations that improve their overall experience.

In FY2022, our Sustainable Energy division formed a partnership with Tenaga Nasional Berhad's ("TNB") subsidiary TNB Research Sdn. Bhd. to evaluate the potential of harnessing energy from excess water in dams and water reservoirs throughout Malaysia using energy-efficient micro-hydropower turbines. With over 70 water dams and reservoirs in Malaysia, the potential energy savings would be over 40 gigawatt-hours per year, enough to provide carbon-free electricity to about 10 thousand homes.

SASC, our Fintech division, has also begun working closely with global open API banking solutions provider Codebase Technologies to provide end-to-end digital solutions that accelerate digital banking adoption and innovation. The collaboration aims to create an all-in-one digital Islamic banking platform that will be available to clients in Malaysia and around

the world via a Subscription as a Service model. Protecting our intellectual capital is critical to maintaining brand integrity and our continued value creation ability.

Sedania has filed patents in recent years, including:

| NO | PATENT | APPLICANT | DATE OF FILING | APPLICATION NUMBER | PLACE OF APPLICATION |
|----|--|-----------|----------------|---|----------------------|
| 1 | Telecommunication Airtime 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 |

Fair And Competitive Local Procurement

Sedania upholds good governance, procurement and business practices across its supply chain. To promote fair and competitive bidding in its procurement practice for vendor and supplier selection, the Group practices an equal playing field approach. Sedania's Code outlines the expected behaviour of employees when dealing with third parties, including clients, vendors, suppliers and public officials. Similarly, vendors and suppliers are also required to accept the Code to be eligible for the tender process. Vendors found in violation of the Code may face legal action or have their services terminated.

Whenever possible, the Group prioritises local procurement, based on the principle of local-where-we-operate, provided that the necessary technologies are in place and procurement is effective. By working with local suppliers, Sedania has greater control of its supply chain and can address concerns promptly to ensure quality oversight and service improvements. Additionally, supporting a local supply chain promotes circular economy and contributes to the development of local economies and communities through

sustainable business opportunities, and the creation of a thriving local marketplace that fuels the nation's digital knowledge and economic growth.

The Group primarily sources from companies based within Malaysia, except for the Sustainable Healthcare segment, which relies on foreign-sourced contract manufacturers for its core products. Some of the general procurement SOPs observed by Sedania include:

- *A minimum of 3 quotations are 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*

A summary of the Group's procurement data is provided below:

| Procurement Data | FY2020 | FY2021 | FY2022 |
|--|------------|------------|------------|
| Total Procurement Budget (RM) | 17,731,307 | 19,721,835 | 23,546,793 |
| Total Local Procurement Budget (RM) | 4,750,282 | 3,384,534 | 4,917,819 |
| Total Foreign Procurement Budget (RM) | 12,981,024 | 16,337,301 | 18,628,974 |
| Percentage of Local Procurement Budget | 27% | 17% | 21% |
| Total Number of Suppliers | 46 | 42 | 59 |
| Total Number of Local Suppliers | 36 | 31 | 46 |
| Total Number of Foreign Suppliers | 10 | 11 | 13 |
| Percentage of Local Suppliers | 78% | 74% | 78% |

Beyond price and quality considerations, the Group is committed to embedding further ESG considerations into its procurement processes, particularly in consideration of the raw material sources to reinforce environmental sustainability and scrutinising the human rights practices of our vendors.

Sedania's Offspring products are manufactured using carefully selected raw materials. The team works closely with their contract manufacturers to resolve potential issues at the start of the manufacturing process and perform in-house quality checks on product prototypes/samples, as well as inspections of the finished products to guarantee stringent control. 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 strengthen Offspring brand reputation for producing products that are high quality, safe, natural, organic, cruelty-free, eco-friendly, toxin-free, and dermatologically tested to be suitable for babies, children, and adults, providing us a competitive edge in our chosen market.

The Warehouse and Finance Departments oversee local procurement at Offspring, while at our other subsidiaries, the Business Unit Heads and Finance Department oversee procurement. The Group's Corporate Sustainability coordinates the due diligence activities and processes regarding the local supply chain and procurement.

It is our expectation that all suppliers and service providers comply with environmental and social standards and respect human rights, including ILO standards. Additionally, they must adhere to all applicable laws and regulations, anti-bribery laws, international laws and regulations, as well as requirements related to international trade, data protection, confidentiality, privacy, and intellectual property. Our suppliers are also required to meet the specifications outlined in our subsidiary's contractual documents and purchase orders when delivering products and services.

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 also expect our suppliers to be assessed on voluntary self-reported information. Physical inspection audits are conducted on an ad hoc needs-basis, conducting factory site and office visits for inspections based on business requirements. 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 products and services, as well as price competitiveness.

Developing Local Businesses

Sedania is committed to supporting the development of local businesses through job creation, investment in local businesses through our procurement practices, as well as responsible taxation practices that support the growth of our home nation.

The Group employs a significant number of local talents across its various subsidiaries. This not only provides employment opportunities for the local community but also contributes to the growth of the nation's economy by reducing unemployment rates. Moreover, Sedania's investment in local businesses

and industries helps to boost the development of these industries and foster economic growth. The Group's procurement practices also promote a fair and competitive bidding process, ensuring a level playing field for local suppliers and vendors.

In addition to creating economic opportunities, Sedania also recognises its responsibility to contribute to the development of the nation's infrastructure and services. The Group pays its taxes and fees promptly, thereby supporting the government in its efforts to improve public services and invest in the country's development.

Furthermore, Sedania is also committed

to investing in local communities through various corporate social responsibility ("CSR") initiatives. These initiatives include fundraising, volunteering, and sponsored activities from local suppliers, contributing to the development of sustainable business opportunities with local enterprises. By supporting the growth of local businesses and investing in local communities, Sedania is committed to being a responsible corporate citizen while simultaneously contributing to the development of the nation's economy.

A summary of our direct economic value contribution is summarised in the table below.

| Economic Value Distributed (RM) | FY2020 | FY2021 | FY2022 |
|---|-------------------|-------------------|-------------------|
| <i>Procurement Spending</i> | 17,731,306 | 19,721,835 | 23,546,793 |
| <i>Employee salary and benefit payout</i> | 7,962,638 | 7,201,113 | 8,380,236 |
| <i>Taxes paid to government</i> | 1,209,170 | 1,641,678 | 2,132,161 |
| <i>Repayments to financiers</i> | 712,367 | 354,047 | 2,967,401 |
| <i>Dividend Returns to Shareholders</i> | - | - | - |
| <i>Community investments</i> | 4,500 | 22,098 | 57,300 |
| Total | 27,619,981 | 28,940,771 | 37,083,891 |

ENVIRONMENTAL MATTERS

GRI 301, 302, 303, 304, 305, 306



Environmental consciousness remains a central driving philosophy of Sedania's business operations. We strive to reduce as many environmental impacts as possible through the Group-wide adoption of eco-friendly work practices while ensuring optimal and responsible resource utilisation, energy consumption, and waste management practices.

The services Sedania provides as a Green Technology service provider enables us to assist our customers in reducing their carbon footprint. On a larger scale, this allows the Group's climate change management efforts to spread far beyond our organisation for a more meaningful and lasting impact.

Sedania maintains strict compliance with all applicable environmental regulations and ensures that all our operations align with the requisite legal standards.

As an organisation, Sedania's primary environmental impacts results from the energy and resource utilisation from within the office environment. While we are aware of this fact, the Group recognises that we bear a responsibility for addressing indirect environmental impacts, such as water consumption and waste production.

To this end, Sedania has implemented a range of environmentally friendly initiatives in the workplace, which are communicated throughout the Group via staff inductions and meetings. Examples of these initiatives include:



Purchasing energy efficient equipment



Shutting down computers and switching off appliances when not in use



Using partial office space when not operating at full staff capacity



Developing document management systems that allow employees to retrieve and transmit documents electronically



Using electronic signature for internal documents and approval



Reducing paper use by setting printers to print double sided as the default



Purchasing environmentally friendly and recyclable consumables



Encouraging the use of coffee mugs rather than single-use or disposable cups



Encouraging employees to contribute towards waste reduction and energy saving ideas

Energy Consumption

At Sedania, we recognise that energy consumption and greenhouse gas ("GHG") emissions are core business indicators. As providers of sustainable energy and healthcare solutions, Sedania continues our long-standing commitment to energy efficiency and pushes for the transition from fossil fuels to renewable energy sources.

The main sources of energy consumption by the Group involve electricity for operational activities and fuel for the company vehicles. Electricity comes solely from the national grid, supplied by TNB, whereas the company vehicles use petrol. The Group also uses liquified petroleum to operate forklifts.

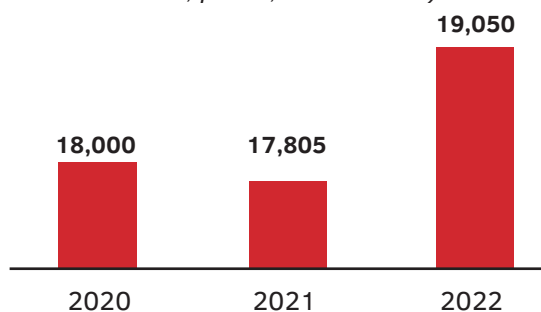
In January 2022, Sedania adopted a Group-wide Energy Management Policy. Under this policy, Sedania installed an Energy Monitoring System (“EMS”) and further upgraded it in February 2022. The installation of EMS allows the Group to monitor their daily energy consumption and presents the data by type, area, and time. With this, Sedania can finetune our energy management approach to minimise unnecessary energy wastage.

Sedania also extends the same commitment towards prudent energy consumption to our clients by providing Energy Efficient (“EE”) and Renewable Energy (“RE”) solutions. To further enhance this service and execute our overall energy management agenda, Sedania has enlisted four in-house and over ten external employees. We aim to promote broader utilisation of our EE and RE services through various channels, including personal networks, partnerships, and the Group website.

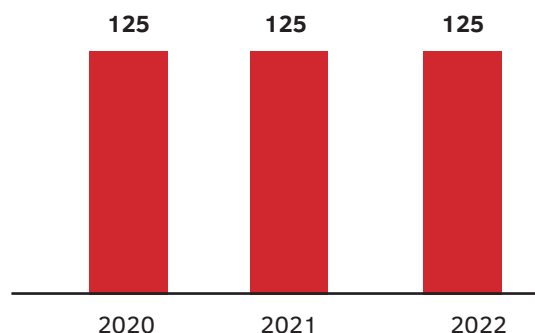
Sedania has set robust energy consumption KPIs and targets to guide our energy management approaches. In FY2022, the Group has aimed to save 15 million kWh for our clients. At the same time, the Group is committed to installing over 500 kilowatt-peak (“kWp”) of rooftop solar photovoltaic systems.

The Graphs below display our Scope One and Scope Two energy consumption for the past three years:

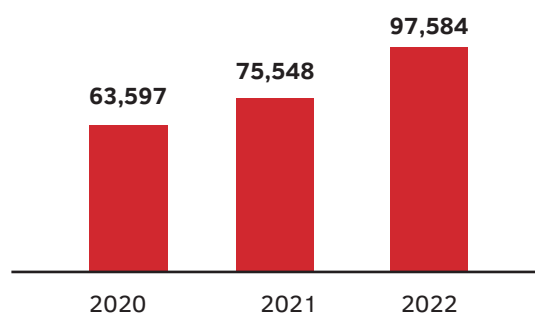
Scope One Energy Consumption (fuel in terms of diesel, petrol, etc. in Litres)



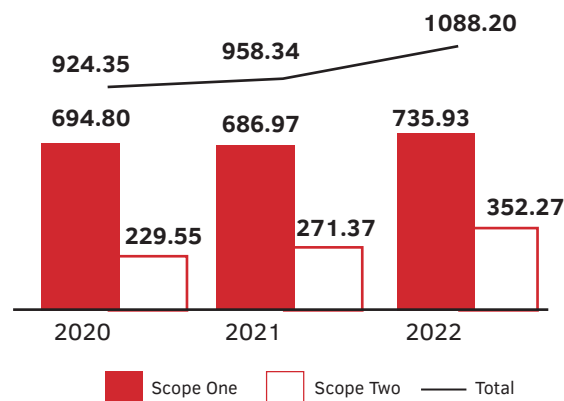
Scope One Energy Consumption (fuel in terms of Liquefied Petroleum Gas in Litres)



Total Scope Two Energy Consumption (Electricity in kWh)



Total Energy Consumption (GJ)



Climate Change & Emissions

As a sustainable Energy Service Company (“ESCO”) and provider of Sustainable Healthcare, Sedania considers climate change and GHG emissions a crucial environmental issue that requires our immediate attention. We understand the grave threat climate change presents to the environment and the communities that depend on it. Sedania also recognises the adverse consequences climate change poses for the Group’s operating environments, which would directly impact future economic returns.

As such, Sedania remains committed to reducing GHG emissions across our businesses and that of our customers, closely monitoring how our business operations can directly or indirectly contribute to climate change. One way is through the increasing demand for electricity, which increases emissions and consumption costs.

To this end, Sedania’s Sustainable Energy portfolio offers extensive EE and RE solutions for corporate clients, particularly those from the telecommunications industry – one of the largest energy-consuming industries globally. To date, the Group has made a noticeable impact nationally by facilitating the reduction of energy consumption of ten Malaysian data centres by 25%. We continuously revisit this portfolio to broaden and upgrade the scope of the Group’s Sustainable Energy services, aiming to improve energy efficiency and reduce emissions. This allows Sedania to contribute significantly to the global fight against climate change.

All the services Sedania provides are linked to global initiatives. The UN SDGs, especially SDG13 (Climate Action), are one of these initiatives that guide our efforts. Our Sustainable Energy services lead to the reduction of energy consumption and the increased reliance on RE, which, in turn, reduces overall

carbon dioxide (“CO2”) emissions. Meanwhile, the Group’s Sustainable Healthcare products use biodegradable materials and/or generate less CO2 during production.

Sedania’s energy efficiency and energy-saving portfolio include the following:



Lighting



Power Optimisation



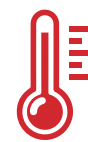
Chiller Management



Heat Recovery



Air Conditioning



Heat Management

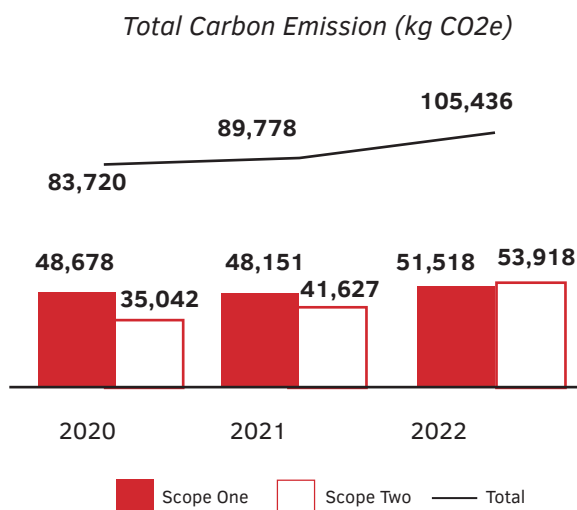


Solar Solutions

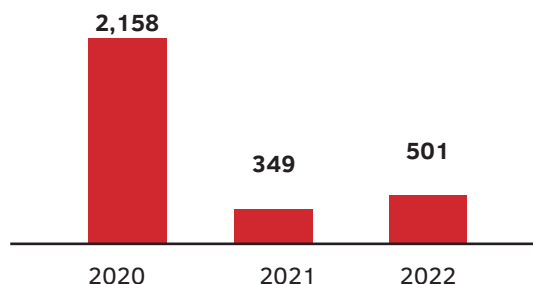
The Group upholds a zero-CAPEX profit-sharing model for our Sustainable Energy business through the implementation of an Energy Performance Contract (“EPC”). This financing scheme enables Sedania to deploy energy-saving technologies across our client’s facilities without the need for any upfront investment or capital expenditure (“CAPEX”). The solutions are instead financed through savings on their monthly electric bills, which will be shared between Sedania and the client over a few years. Our strategic partnership with well-established energy services companies further facilitates the execution of energy-saving projects and investments in developing products that significantly reduce energy consumption and, by extension, carbon emissions.

Within the Group, Sedania's monitoring of our own energy consumption via the updated Energy Management Policy also ties in with our emission reduction targets. Currently, based on the MGTC Carbon Calculator, each kWh of energy generates approximately 0.7 kg of CO₂. Using this as a baseline, Sedania is committed to reducing our CO₂ emissions per RM million revenue by at least 5% annually for the near future. This will be achieved through the prudent use of electricity (Scope Two) and the motorised vehicles (Scope One) in the Group's fleet. The Group has begun migrating data from in-house server applications to a cloud-based or externally hosted environment for more energy efficiency. At the same time, more energy-saving measures have also been implemented within the office environment, such as reducing unnecessary usage of electrical equipment and switching from desktops to more energy-efficient laptop computers.

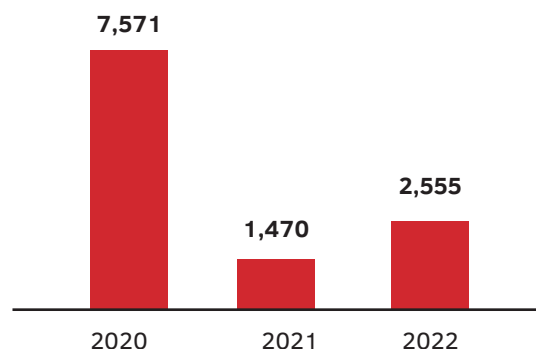
By tracking our operational GHG emissions, Sedania is pleased to report a significant improvement of up to 75% in FY2022 compared to the previous year. The Group has also achieved 98% of the target to reduce our combined Scope One and Scope Two emissions.



Total Scope One Energy Efficiency/Intensity (petrol Litres per Million revenue RM)



Total Scope Two Energy Efficiency/Intensity (kWh per Million revenue RM)



Note: Energy intensity calculated based on the following revenue: 2020: RM8.4 mil; 2021: RM51.4 mil; 2022: RM38.3 mil.

While climate change is undoubtedly a serious threat, Sedania sees it as an opportunity to help more and more clients make their business operations more sustainable through our Sustainable Energy service. As a result, Sedania has aligned our company strategies to support the growth of our Sustainable Energy segment, setting aside CAPEX in anticipation of further investments in EE equipment for existing contracts. Aside from the CAPEX required for retrofitting business premises with EE or RE systems, other additional costs related to

operating expenses (“**OPEX**”) are necessary for the procurement of sustainable materials, products, and services for regular business operations. The Group expects higher OPEX requirements in the future as the growth of the Sustainable Energy segment would translate to a bigger team size.

Currently, the Group is set to expand its presence in the RE sector through strategic mergers and acquisitions (“**M&A**”) conducted in Q3 and Q4 of FY2022. Further supplementing these are the Memorandum of Cooperation Sedania signed with the Malaysian Green Technology and Climate Change Corporation (“**MGTC**”) in FY2021 for the collaboration of future sustainable energy projects.

Sedania’s drive to champion positive climate change and GHG emissions management can be seen through the Memorandum of Cooperation we signed in FY2021 with the MGTC for the collaboration on future sustainable energy projects. Additionally, Sedania supports the Task Force on Climate-Related Financial Disclosures (“**TCFD**”), as we recognise the importance of addressing climate change-related risks and opportunities.

In essence, Sedania is proud of the impacts we have had on the segment and are committed to continuously improving our RE and EE solutions. We aim to achieve 15 million kWh in energy savings through our EE solutions and generate over 1 million kWh in RE by installing rooftop solar PV for businesses.

Waste & E-Waste Management

As a company that is primarily office-based, Sedania generates minimal amounts of waste. Our daily waste production amounts to at most 5kg per day, composed of office waste such as paper.

With that said, waste management is still a concern to Sedania as every effort to reduce waste can contribute to the reduction of GHG emissions from landfills. As such, the Group is maintaining the implementation of the Minimum Waste and Reduce, Reuse, and Recycle (“**3R**”) policy that was established to promote proper waste management and reduction practices. Under these policies, Sedania promotes the electronic archiving of documents as much as possible to reduce the consumption of paper within the office. Wherever possible, recyclable waste is reused and recycled instead of thrown away.

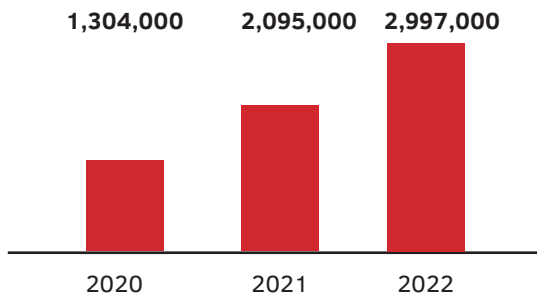
Water Management

Water consumption is not a critical material topic for Sedania as water is only minimally used in the office kitchenette and toilets. However, we acknowledge the importance of optimising the consumption of resources such as water and is committed to improve our water consumption efficiency. Sedania’s total water consumption and water intensity levels are tracked, as shown in the charts below, to support the efficient management of this precious resource.

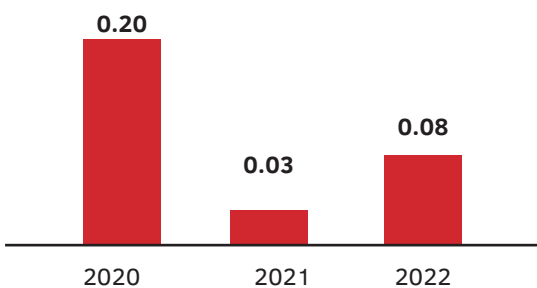
The Group has registered higher water consumption volume in FY2022 compared to the previous two years due to the lifting of COVID-19 movement restrictions that were in place in FY2020 and FY2021. As such, this has resulted in an artificial increase in water intensity levels in FY2022, which is expected to stabilise as economic activity levels return to normal.

Going forward, Sedania will continue to monitor our water usage and implement measures to improve our water efficiency performance against our revenue and office square footage.

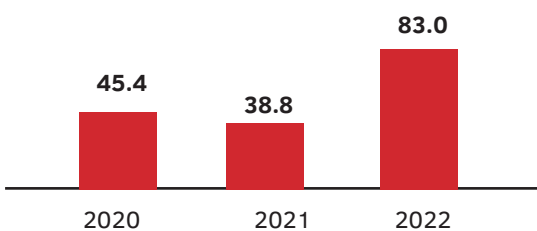
Total Water Consumption (Litres)



Water Intensity (Litres per revenue)



Water Intensity (Litres per square feet)



Note: Water intensity calculated based on 36,088 sqf and the following revenue: 2020: RM8.4 mil; 2021: RM51.4 mil; 2022: RM38.3 mil

SOCIAL MATTERS

GRI 401, 402, 403, 404, 405, 406, 408, 409, 413



Sedania recognises the importance of addressing our workforce and local communities' needs, concerns, and expectations. Our employees are crucial to the success of our organisation, and we prioritise talent management practices such as recruitment, retention, training, development, and remuneration to ensure we have a motivated and satisfied workforce that can drive operational efficiency, productivity, and business development. We are committed to protecting the rights of our employees and contractors and upholding occupational health and safety best practices to ensure their wellbeing.

Beyond our workforce, Sedania also acknowledges our responsibility to create positive value for local communities and society as a whole. We prioritise support for local businesses and industries to promote economic growth, job creation, and industry development. We also ensure that we pay our taxes to the government in a timely and responsible manner. Additionally, we invest in the local communities where we operate by participating in social initiatives, volunteering, and sponsoring community events that contribute to their development and promote a positive impact on society.

Talent Management

At Sedania, the expertise and experience of our workforce is an important material matter for the Group. We value our small yet dedicated team and believe in a merit-based organisational culture where employees are selected, retained, rewarded, promoted, and trained based solely on their

competence, skills, capabilities and experience for any job position within the Group.

To ensure the development and growth of our employees, we have established various talent management initiatives which are managed by our Human Resources (“HR”) department and overseen by our ED and Group MD. We strive to provide our employees with opportunities for personal and professional growth within the company through initiatives such as:

- 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 is also in charge of the following:

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

Sedania recognises the importance of upholding ethical employment practices and ensures compliance with the Malaysian Employment Act 1955 and Children and Young Persons (Employment) Act 1966, as well as the guidelines set by the International Labour Organisation (“ILO”) and the Universal Declaration of Human Rights. We are strongly against any form of exploitative labour practices, including child labour and forced labour, and strictly adhere to the minimum wage requirements of our country

of operations.

At Sedania we offer a range of employment opportunities across various positions and levels within our organisational structure, including full-time and contractual employment options. We strive to retain our skilled and knowledgeable employees who form the foundation of our company and work towards reducing employee turnover rates.

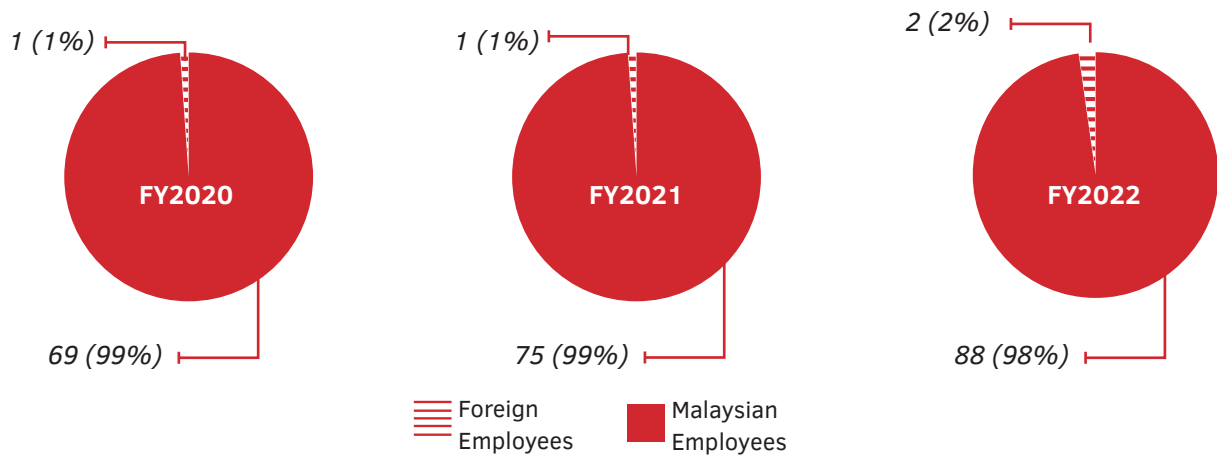
In recent times, job mobility has become increasingly common, especially among the younger generations, making it more challenging to maintain a stable workforce. However, we remain committed to providing opportunities for career growth and development within the company and are dedicated to fostering a supportive work environment that encourages employee retention.

Sedania’s operations in the technology and sustainability sector have resulted in a higher number of new hires from the younger demographic, specifically those who are 30 years old and below.

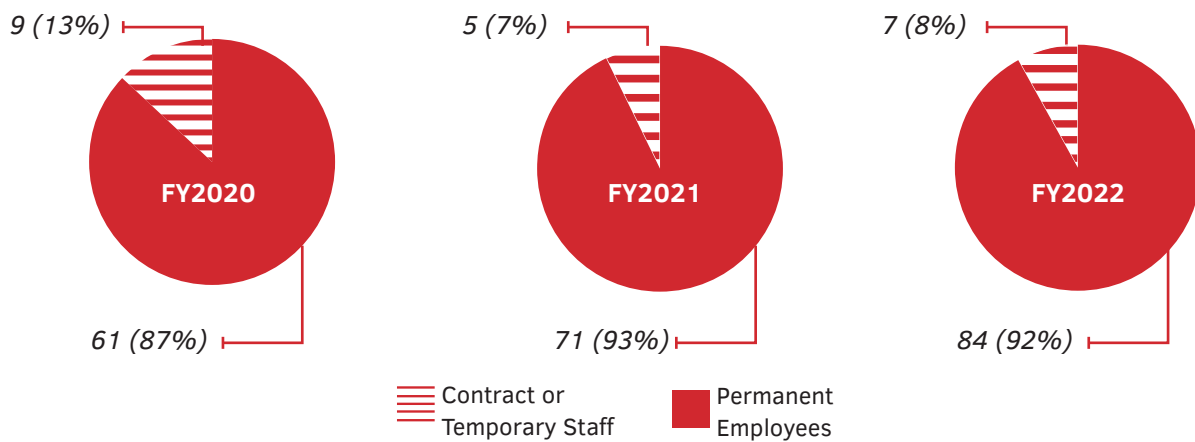
While Sedania is committed to supporting the employment of individuals with disabilities and those from underprivileged groups, no new hires were made from these groups in FY2022.

The charts in following pages present our employee breakdown by nationality, employment type, turnover numbers and new hires for the past three years.

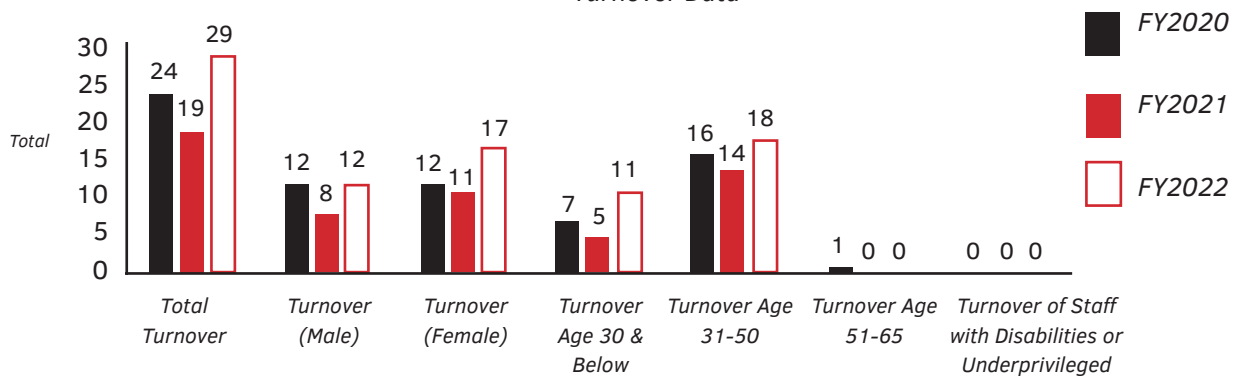
Employee Composition by Nationality

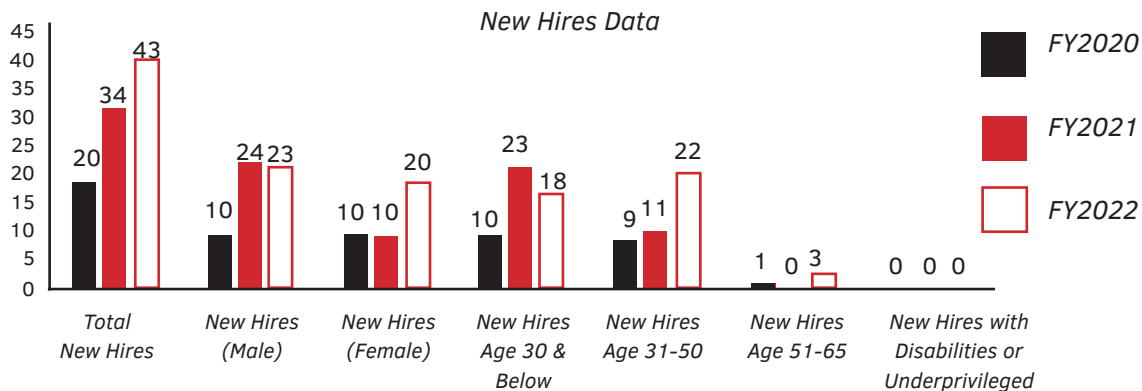


Employee Composition by Employment Type



Turnover Data



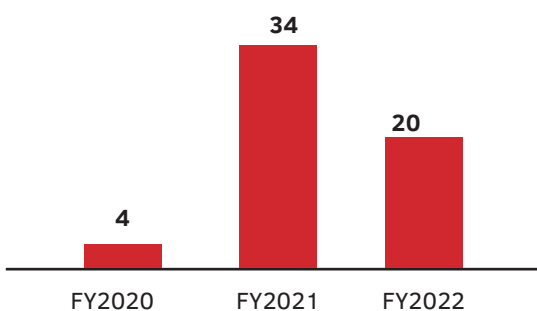


Talent Satisfaction

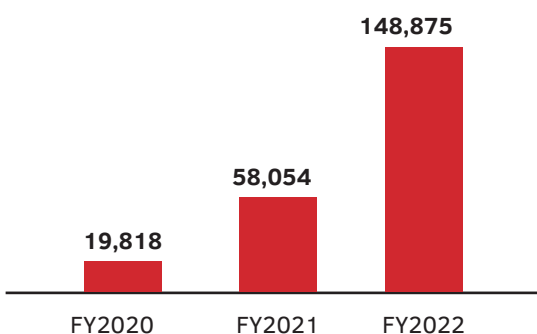
At Sedania, we recognise the significance of employee satisfaction in maintaining a motivated and engaged workforce. To ensure a better work-life balance and encourage camaraderie among our employees, we organise various non-work-related company activities such as social gatherings, festive celebrations, motivational talks, and other similar events.

Beyond employee engagement, Sedania provides a competitive mix of remunerations, benefits, entitlements, rewards, training and development opportunities and employee engagement activities as part of our talent attraction and retention strategy. These include, but are not limited to:

Number of Employee Engagement Activities Carried Out



Total Spent (RM) on Employee Engagement Activities



Type of Leave

| | |
|--|-----------------------|
| Annual Leave | Medical Leave |
| Compassionate Leave | Hospitalisation Leave |
| Maternity Leave | Paternity Leave |
| Examination Leave | Rest In Lieu |
| Prolonged Illness Leave | Marriage Leave |
| Matrimonial Leave (Permanent Employee) | |

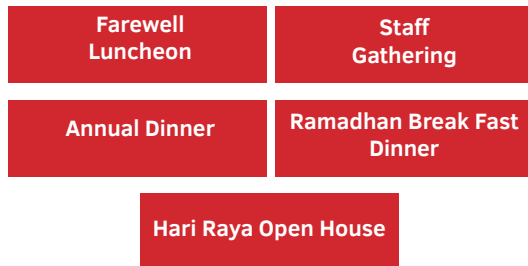
Reward System

| |
|-----------------------------------|
| Long Service (6 years of service) |
|-----------------------------------|

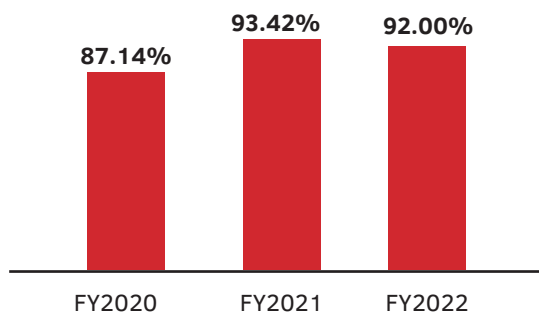
Benefits

| | |
|---|------------------------|
| Medical and Hospital Coverage | Mobile Phone Allowance |
| Travelling Allowance (Permanent Employee) | |

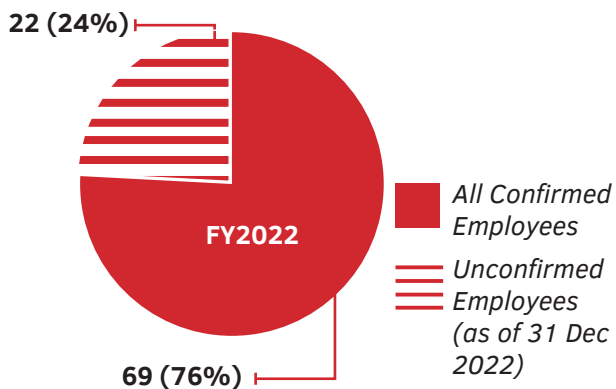
Staff Activities



Percentage of Employees Entitled to Employee Benefits



Percentage of Employees Receiving Performance Appraisal



Sedania recognises the importance of supporting its employees' family responsibilities and offers a comprehensive parental leave policy. In FY2022, female employees are entitled to paid maternity leave of 90 consecutive days for each confinement period, while male employees are granted three (3) days of paternity leave to support their spouse and

new born child. From 2023 onwards, parental leave entitlement for Sedania's confirmed employees will be extended in line with the revised Employment Act 2023 to 98 consecutive days for female employees and seven (7) days for male employees. The company values diversity and inclusion and encourages a healthy work-life balance for all its employees.

To ensure compliance and fair implementation of this policy, Sedania's Human Resource department oversees the parental leave entitlements and utilisation, and reports to the Board on an annual basis. The following table provides an overview of parental leave entitlement and utilisation for the past three years, from FY2020 to FY2022.

| Parental Leave | FY2020 | FY2021 | FY2022 |
|--|--------|--------|--------|
| Employees Entitled for Maternity and Paternity Leave | 103 | 129 | 91 |
| Employees Who Took Paternity Leave | 4 | 0 | 1 |
| Employees Who Took Maternity Leave | 2 | 3 | 4 |

| Return to Work Post Parental Leave | FY2020 | | FY2021 | | FY2022 | |
|--|--------|--------|--------|--------|--------|--------|
| | MALE | FEMALE | MALE | FEMALE | MALE | FEMALE |
| Return to Work Rates (return to work after parental leave period) | 100% | 100% | 0% | 100% | 100% | 100% |
| Retention Rates (remain with the organisation for 12 months or more post parental leave) | 0% | 100% | 0% | 100% | 0% | 75% |

Sedania strives to maintain its competitive edge as

an employer by offering wages above the minimum rate to its employees. The determination of wages takes into account industry benchmarks as well as

the qualifications, experience, and performance of each employee, ensuring that they are fairly compensated for their contributions.

| Employee Benefits (RM) | FY2020 | FY2021 | FY2022 |
|---|---|-----------|-----------|
| Total payments made to employees in terms of salaries, bonuses and benefits | 6,118,026 | 5,834,230 | 6,749,258 |
| Total statutory payments made for Employee Retirement Benefits (EPF) | 552,192 | 556,287 | 691,726 |
| Total payments in medical insurance (SOCSO) for employees | 53,093 | 64,060 | 93,462 |
| Payments made for life insurance, including death and disability | 167,550 | 249,398 | 233,232 |
| Payments for medical / healthcare benefits (RM) | N/A – Outpatient / Hospitalisation / GHS / OP | | |
| ESOS (share options) | 701,605 | 45,994 | 61,363 |
| Others | 370,172 | 451,144 | 551,195 |

At Sedania, we believe that training and development is essential for our employees to improve their technical, organisational, and communication skills. Our HR department collaborates with Heads of Departments to identify areas that require improvement and plan the training programmes accordingly to ensure our employees receive the relevant training.

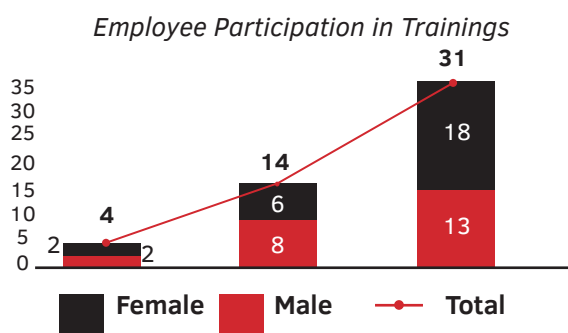
We are committed to providing our employees with the opportunity to participate in training and development programmes that are relevant to their roles and career growth. We believe that these

programmes benefit our employees and contribute to our business's overall success.

Our training programmes have evolved over the years to meet the changing needs of our employees and the business. We continually evaluate the effectiveness of our training programmes and make improvements where necessary. We have also implemented online training programmes that have improved the accessibility of these programmes to more employees, allowing a wider range of training and development programmes to be conducted.

| Staff Training | Unit of Measurement | FY2020 | FY2021 | FY2022 |
|-----------------------------------|---------------------|----------|--------|----------|
| Total training spend as a company | RM | 17,040/- | NA | 20,597/- |
| - ST | RM | NA | NA | 1,398/- |
| - SIB | RM | NA | NA | NA |
| - SASC | RM | NA | NA | 4,584/- |
| - OFS | RM | NA | NA | 14,615/- |

| Staff Training | Unit of Measurement | FY2020 | FY2021 | FY2022 |
|--|---------------------|--------|--------|----------|
| Average training spend per employee | RM | NA | NA | 1,665 /- |
| Total training hours as a company | No. of Hrs | 189 | 226 | 299 |
| - ST | No. of Hrs | NA | NA | 33 |
| - SIB | No. of Hrs | NA | NA | NA |
| - SASC | No. of Hrs | NA | NA | 91 |
| - OFS | No. of Hrs | NA | NA | 175 |
| Total training hours for Senior Management Staff | No. of Hrs | NA | NA | 2 |
| Total training hours for Management Staff | No. of Hrs | NA | NA | 8 |
| Total training hours for Executive Staff | No. of Hrs | NA | NA | 19 |
| Total training hours for Non-Executive Staff | No. of Hrs | NA | NA | 2 |
| Average Training Hours Per Employee | No. of Hrs | 47 | 16 | 27.7 |
| - Per Senior Management Staff | No. of Hrs | NA | NA | 14.0 |
| - Per Management Staff | No. of Hrs | NA | NA | 16.3 |
| - Per Executive Employee | No. of Hrs | NA | NA | 19.4 |
| - Per Non-Executive Employee | No. of Hrs | NA | NA | 7.0 |
| Average Training Days Per Employee | No. of Days | 5.9 | 2.0 | 3.62 |
| Total no. of employees attended training | Number | NA | NA | 31 |
| Total no. of male employees attended training | Number | NA | NA | 13 |
| Total no. of female employees attended training | Number | NA | NA | 18 |
| Average Training Hours Per Male Employee | No. of Hrs | NA | NA | 27.6 |
| Average Training Hours Per Female Employee | No. of Hrs | NA | NA | 21.6 |



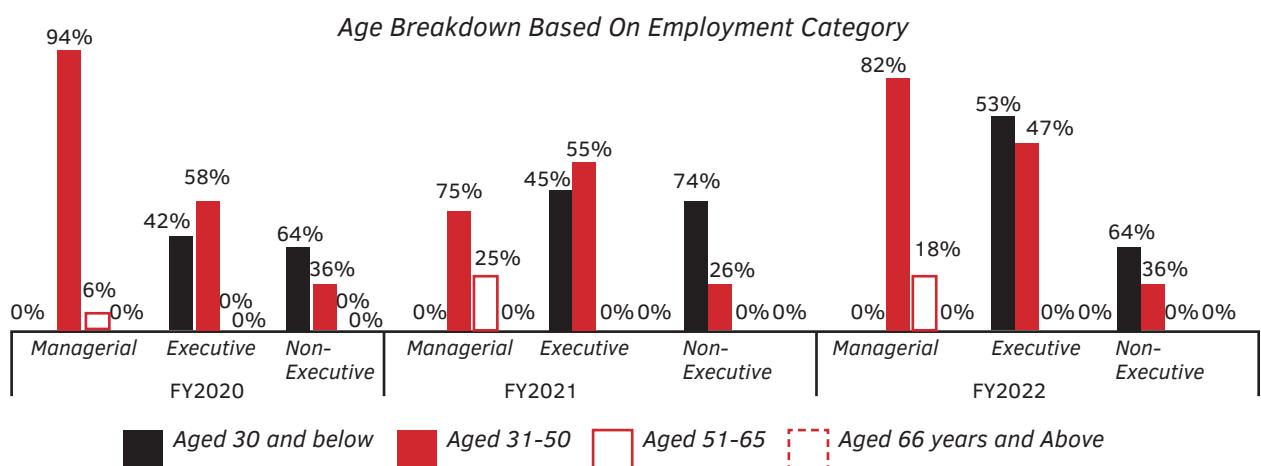
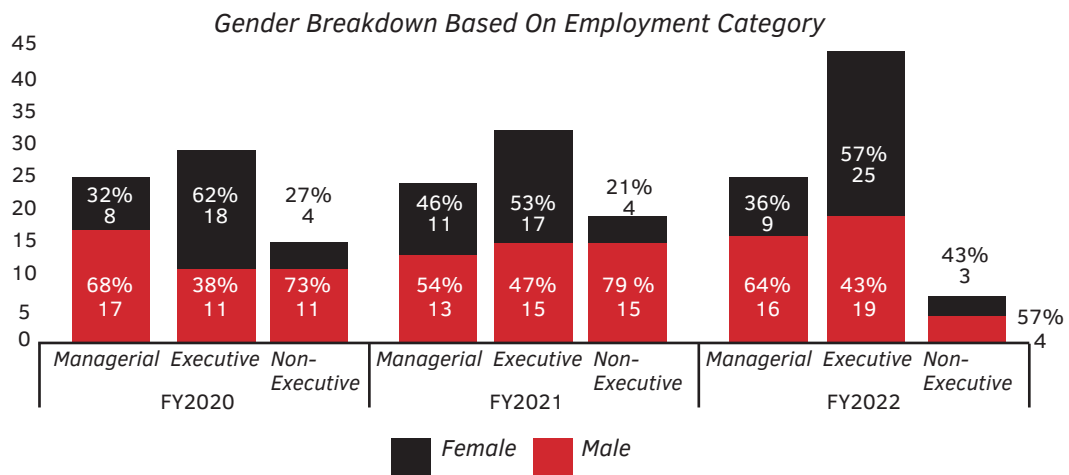
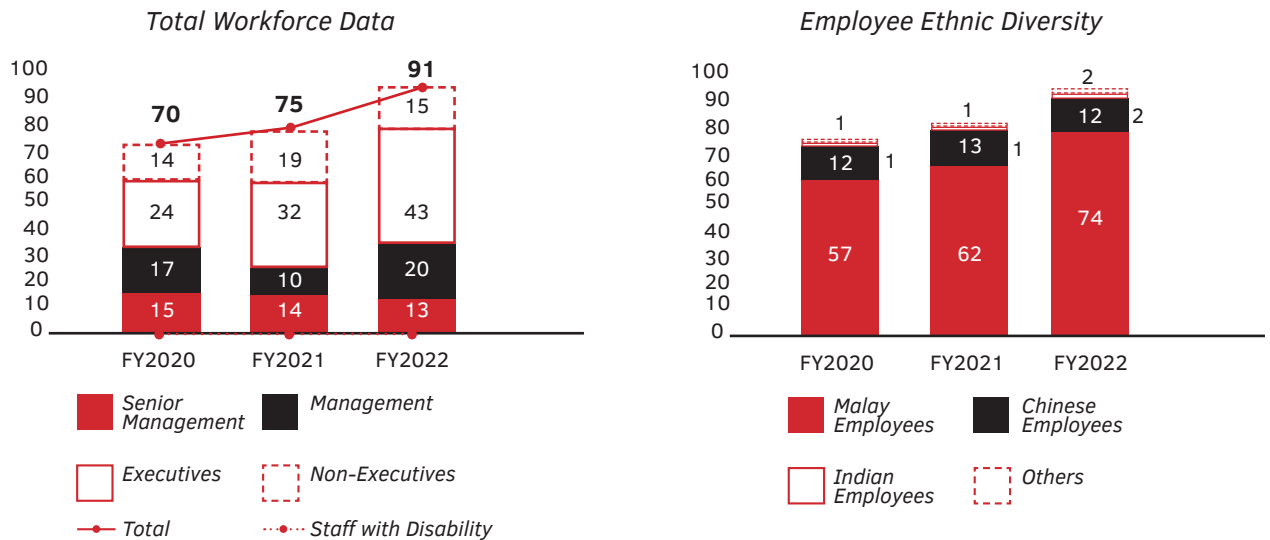
Diversity And Equal Opportunity

Sedania recognises that diversity is a valuable asset that enriches our organisation and fosters

innovation. We believe that promoting diversity and inclusion is essential to create a thriving and successful business.

At Sedania, we do not discriminate based on factors such as age, gender, race, religion, sexual orientation, social class, disability, or nationality. We provide equal opportunities for employment, promotion, training, salary, remuneration, rewards, and benefits to all our employees. Our inclusive approach to talent management has resulted in a more creative and innovative workforce, leading to increased profitability for the company.

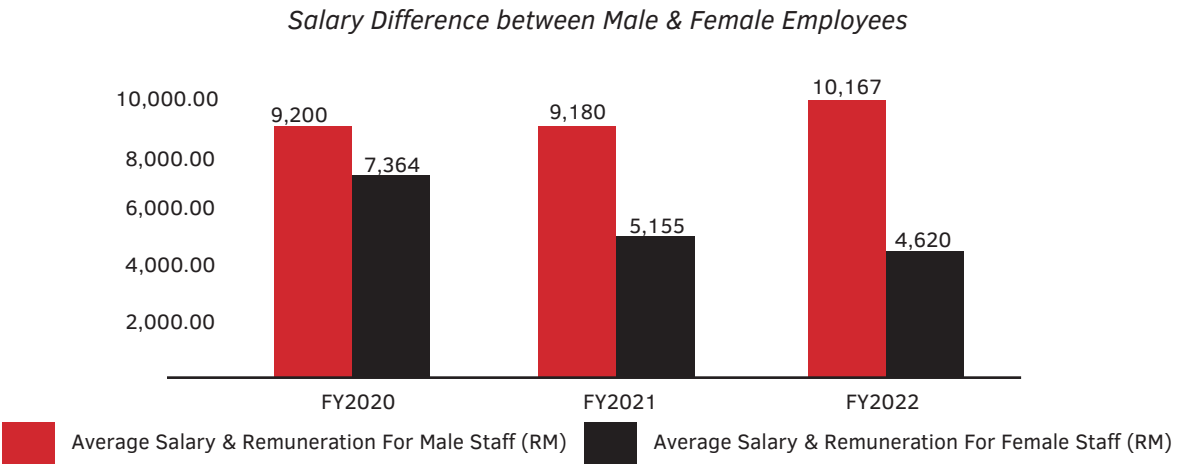
The chart below show Sedania's breakdown of our workforce:



Sedania understands the importance of gender equality and the role it plays in promoting a diverse and inclusive workplace. We recognise that gender pay gap remains a challenge for the Group and is a complex issue that cannot be solved overnight, especially in a traditionally male-dominated tech sector where experienced male employees tend to populate managerial roles and command a higher salary.

However, we are committed to gradually reduce the salary difference between Sedania's male

and female employees. Steps taken toward supporting gender pay parity include the implementation of policies and practices that support work-life balance such as flexible work arrangements and parental leave to ensure that female employees are not disadvantaged in their careers due to family obligations. The Group has also started to analyse our gender wage ratio data at a more granular level to monitor our salary allocation practices and take action where necessary to ensure we maintain our commitment to gender equality.



Occupational Health & Safety

Due to the nature of our business activities, Sedania's occupational health and safety ("OHS") risk exposure is often lower than that of other industries.

However, there are still potential health and safety risks that employees may face, such as ergonomic-related injuries from prolonged computer use, eye strain, musculoskeletal disorders, as well as exposure to communicable diseases at the workplace such as the Covid-19 pandemic. Additionally, employees who work in Sedania's warehousing facilities may face risks related to machinery operation and equipment maintenance. Therefore, Sedania remains committed to providing a safe and healthy work environment for all employees, and regularly reviews and updates our OHS policies and procedures to mitigate any potential risks.

Sedania is dedicated to providing a safe and healthy workplace for our employees. The Group is committed to complying with all applicable regulatory requirements on OHS and has established a Health and Safety Procedure to identify and manage potential hazards and risks in the workplace. The Health and Safety Procedures outlines our guidelines on first aid response, accident record keeping, emergency evacuation procedures, and other safety-related matters, and is made available on the intranet for our employees' reference. Additionally, Sedania regularly conducts safety audits and training programmes to ensure that employees are aware of the safety procedures and policies.

We are committed to providing a work environment that prioritises the wellbeing of our employees. To ensure our employees are not overworked, we have introduced fatigue management procedures, flexible working hours, and work-from-home options.

Additionally, we understand the importance of addressing the mental health needs of our staff, and offer in-house counselling services with a licensed counsellor.

Sedania understands the importance of emergency preparedness and has taken all necessary measures to ensure the safety of our employees in case of emergencies. In FY2022, the Group held a CPR Training and Fire Drill Evacuation Training for 49 and 35 employees respectively, conducted by Sedania's in-house certified CPR trainer. The training sessions were held to familiarise the Group's employees with Sedania's emergency SOPs and evacuation procedures and ensure that they are well-prepared and trained to handle any emergency situations that may arise. Other health and safety training programmes carried out in FY2022 include Forklift Training and Reach Truck Training, with a total of two (2) staff participating in these. The costs incurred for OHS training in FY2022 totalled RM5,400, which are HRDF claimable.

Sedania's 3-year on-site OHS Performance Data is detailed below.

| 3-Year On-site OSH Data | FY2020 | FY2021 | FY2022 |
|---|--------|--------|--------|
| <i>Total manhours worked</i> | NA | NA | 3,120* |
| <i>Fatalities</i> | 0 | 0 | 0 |
| <i>Number of recordable work-related injuries</i> | 0 | 0 | 0 |
| <i>Total number of lost days/LTIs</i> | 0 | 0 | 0 |
| <i>LTI Rate</i> | 0 | 0 | 0 |
| <i>Lost-time injuries per million hours worked</i> | 0 | 0 | 0 |
| <i>Unsafe Act Unsafe Condition ("UAUC")</i> | 0 | 0 | 0 |
| <i>Rate of high-consequence work-related injuries</i> | 0 | 0 | 0 |
| <i>Injury Rate (including fatalities)</i> | 0 | 0 | 0 |
| <i>Lost Day Rate</i> | 0 | 0 | 0 |
| <i>Fatality Rate</i> | 0 | 0 | 0 |
| <i>No. of Staff trained on Health and Safety</i> | NA | NA | 51 |

**Note: Estimated based on 13 onsite staff X 5 days X 4 weeks X 12 months*

Local Community Development

At Sedania, we are committed to giving back to the communities in which we operate. We believe that corporate social responsibility (“**CSR**”) is not just a legal obligation, but a moral responsibility to help build stronger and more sustainable communities. We strongly encourage our employees to participate in social outreach activities and initiatives while making every effort to commend our employees’ involvement in the Group’s CSR activities and other external volunteer efforts.

Our community development efforts are guided also by our belief in sustainable development, and we work closely with local stakeholders to identify areas where we can make a meaningful impact. This includes providing disaster relief, supporting community initiatives, investing in education and training programmes, as well as providing resources and infrastructure that can help to drive economic growth and development.

Our CSR efforts are primarily driven through our membership in Yayasan Rosni Noor, a non-profit charity organisation that provides financial assistance and development support to three main groups of people:

Orphaned Children

Needy Children of
Single Mothers

Poor Communities,
including Mualaf
(Muslim reverts)

By supporting Yayasan Rosni Noor, we can make a positive impact in the lives of those who are most in need in our communities, sowing the seeds of knowledge, sustainability and kindness in the younger generations to contribute to the betterment of society in a sustainable manner.

As part of our effort to support the underprivileged,

Sedania partnered with Yayasan Rosni Noor and Gabungan Musolla Setia Ecohill to distribute food supplies and donations to the less fortunate during Ramadhan in FY2022. The Company also extended its helping hand to two madrasahs for underprivileged children and single mothers during the year.

Additionally, in a beautiful gesture of cultural exchange, Sedania hosted a delightful “buka puasa” buffet dinner and exchanged perspectives and knowledge with the wonderful children from the Baitul Fitrah orphanage.

Overall, the Group’s contribution to these three (3) beneficiaries totalled RM57,300 in FY2022. The Group’s employees have also registered 20 of volunteer hours in FY2022.



Sedania intends to continue spreading joy and kindness through our CSR initiatives, charitable partnerships and make a net positive impact on the community it serves.


UNSDG INDEX

Sedania's business contributes directly to the United Nations' Agenda 2030 and its 17 Sustainable Development Goals ("SDGs"). Since 2019, Sedania has committed to the adoption of these global goals, which we have continued to support through our business activities and organisational practices. We

assess our net contributions to the SDGs annually based on our material matters and reprioritise our commitments according to the degree of potential influence, impact and outcome of our evolving business.

In FY2022, we found that Sedania makes the most impact, directly and positively, to the following three goals:

| ADOPTED SDGs | SEDANIA'S CONTRIBUTIONS |
|--|---|
| <div data-bbox="177 846 469 1137">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> | <p>Through our various businesses, Sedania not only contributes to economic growth but also facilitates the creation of decent work opportunities for communities. Sedania also upholds fair and competitive local procurement, which stimulates economic growth by providing opportunities for local businesses to participate in the supply chain. Additionally, the company is committed to training and development programmes for our employees, which strengthens their skills and competencies and empowers them to take on better roles within the organisation.</p> <p>Please see Developing Local Businesses on page 50-51, Talent Management on page 57-60, Talent Satisfaction on page 60-63, Diversity and Equal Opportunity on page 63-65, and Occupational Health and Safety on page 66 for more information.</p> |
| <div data-bbox="177 1438 469 1729">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p> | <p>As an investor in sustainable energy services, Sedania serves to reduce the barrier for organisations to access affordable and sustainable clean energy. By assisting organisations in planning, financing and executing green energy solutions and monitoring their energy efficiency, Sedania is helping to increase the share of renewable energy in the global energy mix to reduce greenhouse gas emissions, combat climate change and increase energy security.</p> <p>Visit Sedania's Energy Performance Contracts page at www.sedaniainnovator.com/energy-performance-contracting to learn more. Additional information on our organisational Energy Consumption and Climate Change & Emissions management can be found on page 52-53 and 54-56</p> |

| ADOPTED SDGs | SEDANIA'S CONTRIBUTION |
|--|---|
| <div data-bbox="167 504 459 790">  </div> <p data-bbox="167 813 424 913">Ensure sustainable consumption and production patterns.</p> | <p data-bbox="571 521 1410 813">The Group's range of sustainable healthcare products under its Offspring brand uses materials and ingredients that are not harmful to the environment and lead to lower carbon emissions. In addition, Sedania deploys energy efficiency and renewable energy systems to enable clients to practice sustainable consumption and production, while also providing alternative financing mechanisms such as the Energy Performance Contract ("EPC"), which allows customers to finance green technologies through future cost reductions.</p> <p data-bbox="571 857 1410 1037">More information on Sedania's responsible consumption and production practices can be found at Competitive Value Proposition on page 47-48, Fair and Competitive Local Procurement on page 49-50, Energy Consumption on page 52-53, and Climate Change & Emissions on page 54-56.</p> |

Other SDGs on which Sedania also has an impact:

| SUPPORTED SDGS | | REFERENCE |
|---|--|-----------|
|  Goal 3: Good Health and Well-being Ensure healthy lives and promote well-being for all at all ages | <ul style="list-style-type: none"> • Sustainable Healthcare: www.sedaniainnovator.com/meet-offspring • Occupational Health and Safety on page 66 | |
|  Goal 4: Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | <ul style="list-style-type: none"> • Talent Satisfaction on page 60-63 • Our support of madrasahs in Local Community Development on page 67 | |
|  Goal 5: Gender Equality Achieve gender equality and empower all women and girls | <ul style="list-style-type: none"> • Diversity and Equal Opportunity on page 63-65 • Our support of single mothers in Local Community Development on page 67 | |
|  Goal 9: Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation | <ul style="list-style-type: none"> • Sedania's tech infrastructure businesses: https://www.sedaniainnovator.com/about • Competitive Value Proposition on page 47-48 | |
|  Goal 13: Climate Action Take urgent action to combat climate change and its impacts | <ul style="list-style-type: none"> • Sustainable Energy business: https://www.sedaniainnovator.com/sustainable-energy-services • Energy Consumption on page 52-53 • Climate Change & Emissions on page 54-56 • Waste & E-Waste Management on page 56-57 | |
|  Goal 16: Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | <ul style="list-style-type: none"> • Board Independence and Skills on page 39-40 • Financial and ESG Risk Management on page 40 • Anti-Bribery and Corruption on page 41-46 • Talent Management on page 57-60 • Diversity and Equal Opportunity on page 63-65 | |
|  Goal 17: Partnerships for the Goals Strengthen the means of implementation and revitalise the global partnership for sustainable development | <ul style="list-style-type: none"> • Sedania's tech-based businesses: https://www.sedaniainnovator.com/about • Sedania's Energy Performance Contracts: https://www.sedaniainnovator.com/energy-performance-contracting • Anti-Bribery and Corruption on page 41-46 | |

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: -

Principle A
Board Leadership &
Effectiveness

Principle B
Effective Audit & Risk
Management

Principle C
Integrity in Corporate
Reporting & Meaningful
Relationship with Stakeholders

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 2022 of the Company, which is available for public access on the Company's website at:-

www.sedaniainnovator.com

The CG Report 2022 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 2022 ("**FYE 2022**") and/ or up to 21 March 2023, 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. The Board wishes to reiterate that CG remains as one of Sedania's key pillars amid the constant changes in our volatile operating environment.

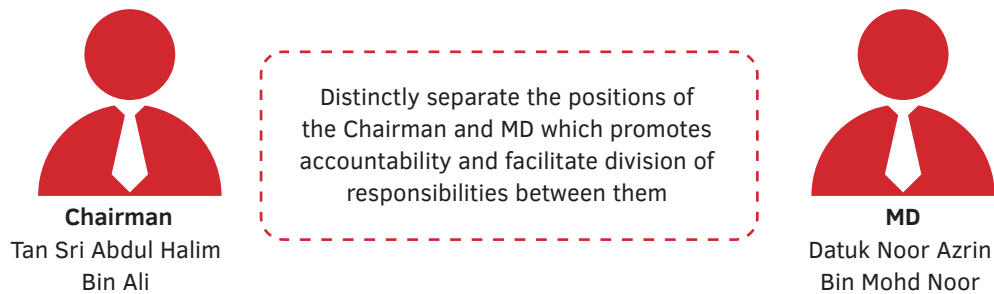
Sedania's Key Focus Areas for CG

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

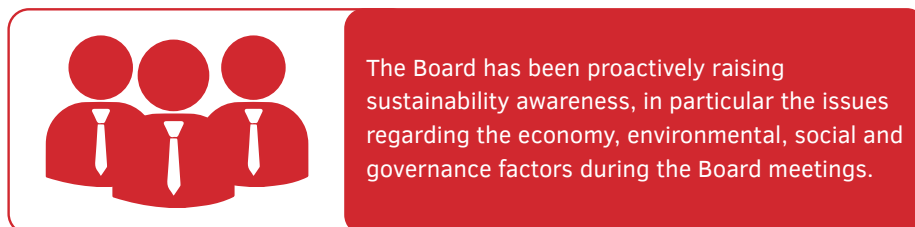
Practice 1.1: Key Responsibilities of the Board



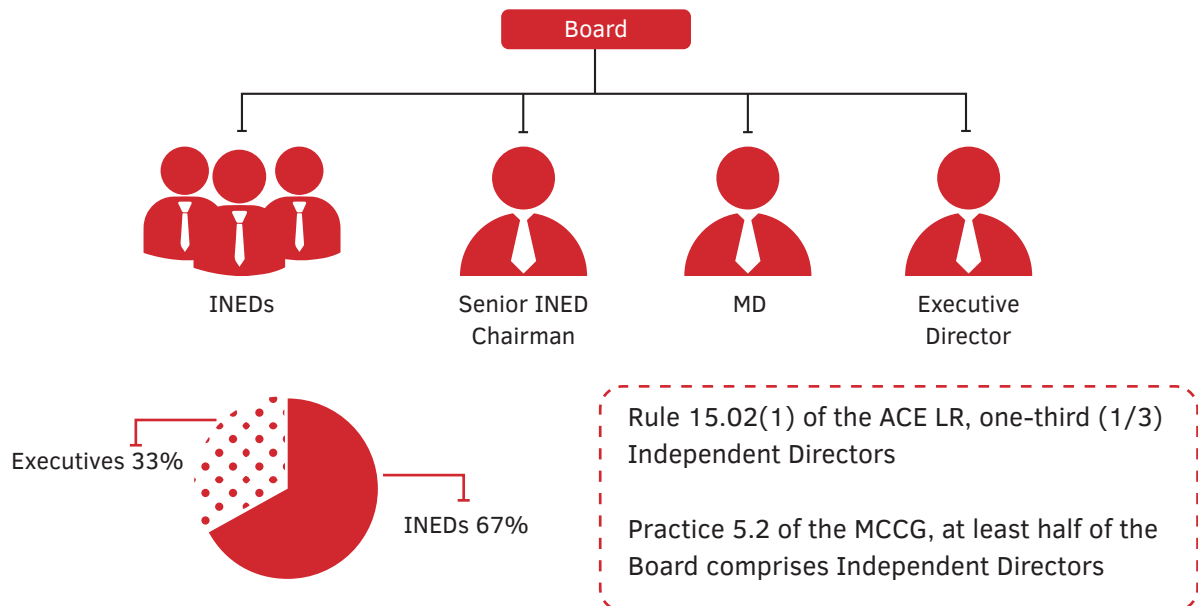
Practice 1.3: Chairman and Managing Director (MD) are separate person



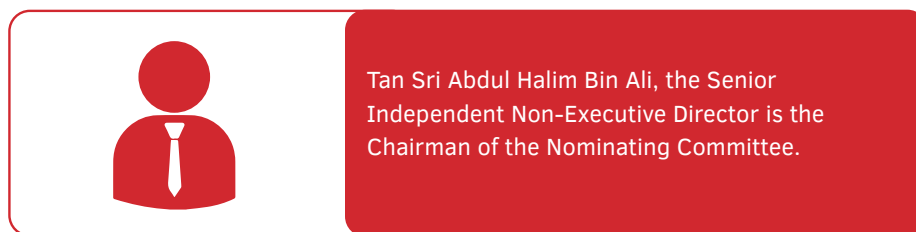
Practice 4.1: The Board and Management takes responsibility for the governance of sustainability in the Company



Practice 5.2: Independent Board Composition



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



Step Up Practice 9.4: Independent Audit Committee



Practice 10.1: Risk Management and Internal Control



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, setting 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) everseeing 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 behaviour.

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 (“**Tan Sri Abdul Halim**”), the Board Chairman, leads the Board with a keen focus on governance and compliance. His key responsibilities as a Board Chairman, including 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 the 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 Board 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 Board 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 Board 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 ("CCM") 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 2022, 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 2022, 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

Annual calendar of Board Meetings, Board Committees meetings and the Annual General Meeting is circulated 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 2022, 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 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 Policy

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 through the formal reporting channels set out in the Policy. 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 was revised by the Board on 30 August 2022 and the same is available for viewing under the “Investors – Corporate Governance” section of the Company’s website at www.sedaniainnovator.com.

For the Applicable Period, there was no reported whistleblowing matter.

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 was revised by the Board on 30 August 2022 and the same 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 SusComm 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 TOR of the SusComm 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 2022, 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 MCGG 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 2022 Annual Report.

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 2022.

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.

The Group had adopted the Directors’ Fit and Proper Policy to serve as a guide to the NC and the Board

in their review and assessment of candidates for proposed new appointment and re-election of the retiring Directors of the Company.

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

During the FYE 2022, there was no new Director and key senior management personnel being appointed to 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 members 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, criteria set out in the Directors’ Fit and Proper Policy, 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, a Senior INED. For FYE 2022, 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 two (2) meetings to deliberate on matters including the following: -

- (a) Reviewed the proposed extension of the contract of the Chief Technology Officer of Sedania Technologies Sdn. Bhd., a wholly-owned subsidiary of the Company;

- (b) Reviewed the performance and the proposed extension of the contract of the Chief Executive Officer of the Company;
- (c) Reviewed and assessed 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 and assessed 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 performance and making recommendations to the Board regarding the Directors who are seeking for re-election at the Annual General Meeting (“AGM”); and
- (h) Reviewed the revised TOR of the NC.

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 2022 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 2022 are stated in the ARMC Report of the 2022 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 2022 are 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 |
| Daniel Bernd Rupert | Member | Chief Executive Officer |
| Rizalzin Hashim Bin Mohammed | Member | Chief Financial Officer |

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.

Summary of Works

The following works were undertaken by the ESOS Committee during the FYE 2022: -

- Reviewed and confirmed the Minutes of the preceding ESOS Committee Meetings;
- Reviewed and assessed the proposed extension of ESOS offer to the Chief Executive Officer of the Company;
- Reviewed the proposed allotment of ESOS to the eligible employees of the Group;
- Administer the ESOS Scheme; and
- Reported to the ARMC and the Board at every quarterly meeting if there is any offer of ESOS Options to the eligible persons.

• Sustainability Committee

The SusComm is chaired by Datuk Syed Izuan Bin Syed Kamarulbahrin, an INED. For FYE 2022, the composition of the SusComm is as follows:

| NAME | DESIGNATION | DIRECTORATE |
|---|-------------|---|
| 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 |
| Datuk Noor Syafiroz Bin Mohd Noor | Member | Executive Director |
| Daniel Bernd Rupert | Member | Chief Executive Officer |

The SusComm 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 SusComm held one (1) meeting to deliberate on matters including the following: -

- Noted the composition of the SusComm and the approved TOR of the SusComm;
- Noted the identification of the Group Chief Executive Officer as the “Sustainability Lead” to lead the Management Sustainability Team;
- Reviewed the proposed establishment of EESG key performance indicators for the Group; and
- Noted the annual obligations of the SusComm.

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 11 April 2023 and is generally satisfied with the current size, composition as well as the mix of skill sets and independence of its INEDs.

For FYE 2022, the Directors have committed a total of 38 hours 45 minutes in discharging their fiduciary duties and oversight function in Board and Board Committee Meetings, as well as AGM:

| TYPE OF MEETING | TIME COMMITTED |
|--|----------------------------|
| Board of Directors' Meetings | 17 hours 45 minutes |
| Audit and Risk Management Committee Meetings | 15 hours 20 minutes |
| Nominating Committee Meetings | 1 hour 20 minutes |
| Remuneration Committee Meetings | 1 hour 20 minutes |
| Sustainability Committee Meeting | 1 hour |
| Employees' Share Option Scheme Committee Meeting | 1 hour |
| Annual General Meeting | 1 hour |
| TOTAL | 38 hours 45 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 disclosed in the following page: -

General Meeting

| DIRECTORS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|---|---|--------|
| 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 |
| Yoong Weng Hong Peter Andrew | 1/1 | 100.00 |

Board Meetings

| DIRECTORS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|---|---|--------|
| 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 | 5/6 | 83.33 |

NC Meetings

| MEMBERS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|---|---|--------|
| 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 |

RC Meetings

| MEMBERS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|---|---|--------|
| Norliza Binti Kamaruddin (Chairperson) | 2/2 | 100.00 |
| Tan Sri Abdul Halim Bin Ali | 2/2 | 100.00 |
| Datuk Syed Izuan Bin Syed Kamarulbahrin | 2/2 | 100.00 |

ESOS Committee Meeting

| MEMBERS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|---|---|--------|
| Tan Sri Abdul Halim Bin Ali (Chairman) | 1/1 | 100.00 |
| Datuk Syed Izuan Bin Syed Kamarulbahrin | 1/1 | 100.00 |
| Norliza Binti Kamaruddin | 1/1 | 100.00 |
| Daniel Ruppert | 0/1 | 0.00 |
| Rizalzin Hashim Bin Mohammed | 1/1 | 100.00 |

SuSComm Meeting

| MEMBERS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|--|---|--------|
| Datuk Syed Izuan Bin Syed Kamarulbahrin (Chairman) | 1/1 | 100.00 |
| Tan Sri Abdul Halim Bin Ali | 1/1 | 100.00 |
| Norliza Binti Kamaruddin | 1/1 | 100.00 |
| Datuk Noor Syafiroz Bin Mohd Noor | 1/1 | 100.00 |
| Daniel Ruppert | 1/1 | 100.00 |

The attendance of the ARMC Meetings held during the FYE 2022 is stated in the **ARMC Report** in the 2022 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 CCM 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, all 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 disclosed in the following pages.

| Directors | List of Trainings / Conferences / Seminars / Workshops Attended / Participated |
|---|---|
| Tan Sri Abdul Halim Bin Ali | <ul style="list-style-type: none"> • Bursa Malaysia Immersive Experience: The Board “Agender” • Environmental, Social and Governance (ESG) and Sustainability Briefing by Joshua Rayan Communications |
| Datuk Noor Azrin Bin Mohd Noor | <ul style="list-style-type: none"> • TERAJU: SUPERB Winners Networking Day • Webinar KLBC: MIDF Conversations • KLBC Pre-Budget 2023 Dialogue with YB Tengku Datuk Seri Utama Zafrul Tengku Abd Aziz • Environmental, Social and Governance (ESG) and Sustainability Briefing by Joshua Rayan Communications • Webinar by MDEC: Navigating The Corporate Innovation Journey • TA Securities Webinar • Webinar High Income & Advanced Nation |
| Datuk Syed Izuan Bin Syed Kamarulbahrin | <ul style="list-style-type: none"> • Asia Market Outlook • In conversation with Jonathan Gray (President & COO of Blackstone) • Islamic Finance Symposium 2022 • Climate session on TCFD 102 (TCFD – Task Force on Climate-related Financial Disclosure) • Preparing for a vibrant cycle • ‘Seizing the opportunity’ Private Market Conference 2022 • 7th Annual JP Morgan Tech Exchange, Global China Summit • The New Frontier of Cybersecurity & Fraud • Mid Year Outlook ‘The World to Come’ • FCD Series Module A: Board Strategy & Risk Management Oversight • Environmental, Social and Governance (ESG) and Sustainability Briefing by Joshua Rayan Communications • Navigating Private Market Volatility & Valuations • Market Watch Live ‘Fed Up’ • International Directors Summit • Important: The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System • Bursa Malaysia Immersive Experience: The Board “Agender” • Conversation with Audit Committee |

| | |
|--------------------------------------|--|
| Datuk Noor Syafiroz Bin Mohd Noor | <ul style="list-style-type: none"> Environmental, Social and Governance (ESG) and Sustainability Briefing by Joshua Rayan Communications |
| Norliza Binti Kamaruddin | <ul style="list-style-type: none"> Masterclass: Climate Governance from a Risk Viewpoint FCD Series Module B: Stakeholder Voice in the Boardroom (Speaker) Bespoke Programme: Reputation and Crisis Management (Speaker) Audit Oversight Board Conversation with Audit Committees Board in-House Product Training Environmental, Social and Governance (ESG) and Sustainability Briefing by Joshua Rayan Communications Influencing Stakeholders for Leaders (Speaker) Directors' in-House Media Integrated Reporting Briefing CG Advocacy Programme: Bursa Malaysia Immersive Experience: The Board "Agender" |
| Yoong Weng Hong Peter Andrew | <ul style="list-style-type: none"> Mandatory Accreditation Programme (MAP) by Bursa Malaysia Environmental, Social and Governance (ESG) and Sustainability Briefing by Joshua Rayan Communications |

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.

2023 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 2023, 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 the proposed revision to the remuneration packages of the Chief Executive Officer of the Company;
- (ii) Reviewed the proposed bonus payment to the Chief Executive Officer of Offspring Inc Sdn. Bhd., a 51%-owned subsidiary of the Company;
- (iii) Reviewed the proposed revision to the remuneration packages of the Managing Director of the Company;
- (iv) Reviewed the proposed revision to the remuneration packages of the Executive Director of the Company;
- (v) Reviewed the payment of Directors' fees payable to the Directors of the Company and its subsidiaries for the FYE 2022 and recommended the same to the Board for consideration;
- (vi) Reviewed the payment of benefits payable to the Non-Executive Directors of the Company and recommended the same to the Board for consideration; and
- (vii) Reviewed the revised TOR of the RC.

PART III – REMUNERATION

1. Directors' Remuneration

The details of the Directors' remuneration for the FYE 2022, including the breakdown of each individual Directors' remuneration such as fees, salaries and bonus, benefits-in-kind and other emoluments are disclosed under Practice 8.1 in the Company's CG Report for the FYE 2022.

2. Remuneration of Senior Management

For the FYE 2022, 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 2022 are stated in the **ARMC Report** of the 2022 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 MCGG, 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 2023. The Board had in turn recommended the same for shareholders' approval at the forthcoming Ninth Annual General Meeting ("9th 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 MCGG, the Board has established a framework for risk management and internal control. Set out in the 2022 Annual Report, the Board's Statement on Risk Management and Internal Control ("SORMIC") for the FYE 2022, 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 the 2022 Annual Report.

3. Internal Audit Function

The Group's internal audit ("IA") function is outsourced to an independent professional consulting firm, Talent League Sdn. Bhd. who 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 IA 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, decided to continue with the outsourcing of the IA function.

Further details of the IA Function have been disclosed under the **ARMC Report** of the 2022 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 8th AGM of the Company was circulated and published on 29 April 2022, which was more than 28 days prior to the date of the 8th AGM scheduled to be held on 30 May 2022. The Notice of the 8th AGM, which sets out the businesses to be transacted at the 8th AGM, was also published in a major local newspaper.

The notes to the Notice of 8th 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 8th AGM of the Company held physically on 30 May 2022 to engage directly with the shareholders and be accountable for their stewardship of the Company.

The proceedings of the 8th 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 Chairman of the Board Committees were also readily available to address the questions posted by the shareholders at the general meetings.

3. Voting Format

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. The Company had conducted its voting on all resolutions at the 8th AGM held on 30 May 2022 by polling in line with the requirement of the ACE LR of Bursa Securities. An independent scrutineer was also appointed to scrutinise the polling process.

The Board will consider and explore the suitability and feasibility of adopting electronic voting to facilitate greater shareholders participation at general meetings and to ensure accurate and efficient outcomes of the poll voting process.

Subject to budget constraints, the Board will also explore the use of technology to allow voting in absentia or remote shareholders' participation. The Board will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefits to the Company.

Key CG future priorities for financial year ending 31 December 2023

- 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 11 April 2023.

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 2022.

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 is an investment holding company with four (4) core activities undertaken by its subsidiaries.

Details of the Group subsidiaries are further disclosed in Note 8 to the Financial Statements section of this Annual Report.

Our value creation strategy focuses on providing innovations that improve lives sustainably through businesses that are consistently rendering maximum value to the community we serve while satisfying fast-changing user behaviour, turning it into our competitive edge. We specialise in 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 Sustainable Healthcare via Offspring Inc Sdn. Bhd. (“**OFS**”).

We also seek to develop other strategic investment projects to enhance the income stream and maximise shareholder value. As of 31 December 2022, 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.

Financial Highlights

1. Revenue for the year was RM38.35 million, a decrease of RM10.75 million or 21.89% compared to RM49.10 million in the previous year.
2. Profit after tax was RM1.35 million, which decreased more than 86.91% compared to the financial year 2021 due to the lower revenue contributions from Sustainable Energy and Telcotech segments.
3. Profit after tax and minority interest (“**PATAMI**”) was RM0.77 million or 0.22 sen per basic share and diluted share compared to a net profit of RM8.30 million or 2.52 sen per basic and diluted share last year.

Summary Of Operating Results

The following table shows a summary of the results of operations for the year ended 31 December 2022 as compared with 31 December 2021 as derived from the accompanying audited consolidated financial statements.

| | FYE 2022 RM'000 | FYE 2021 RM'000 | CHANGE (+/-) |
|--------------------------|--------------------|--------------------|----------------|
| Revenue | 38,353 | 49,098 | -21.89% |
| Other Income | 3,639 | 2,401 | 51.54% |
| Cost of Sales | (19,053) | (26,845) | -29.02% |
| Operating Expenses | (19,244) | (11,385) | 69.03% |
| Depreciation | (1,016) | (895) | 13.57% |
| Profit from Operations | 2,679 | 12,374 | -78.35% |
| Finance Costs | (554) | (243) | >100% |
| Profit before tax | 2,125 | 12,131 | -82.48% |
| Taxation | (774) | (1,810) | -57.27% |
| Profit after Tax | 1,351 | 10,321 | -86.91% |
| Non-Controlling Interest | (582) | (2,022) | -71.23% |
| PATAMI | 769 | 8,299 | -90.74% |

Revenue

Our Group revenue decreased from RM49.10 million to RM38.35 million during the financial year, a decrease of 21.89% as compared to the previous financial year ("FY 2021").

While the Sustainable Healthcare segment and Fintech segment increased revenue by RM2.99 million or 11.07% and RM1.35 million or 32.46% respectively, this increase was offset by RM14.76 million or 94.33% decrease in revenue from the Sustainable Energy segment and RM0.32 million or 14.14% decrease from Telcotech segment.

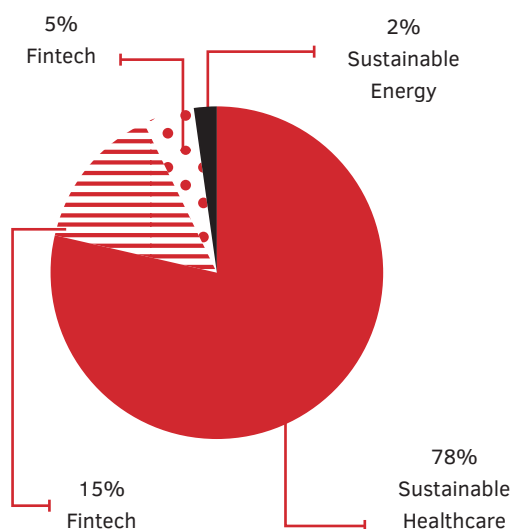
The reduction in revenue was mainly due to the following:

1. In comparison to FY 2021, the Sustainable Energy segment's revenue decreased primarily because no new sites for its energy

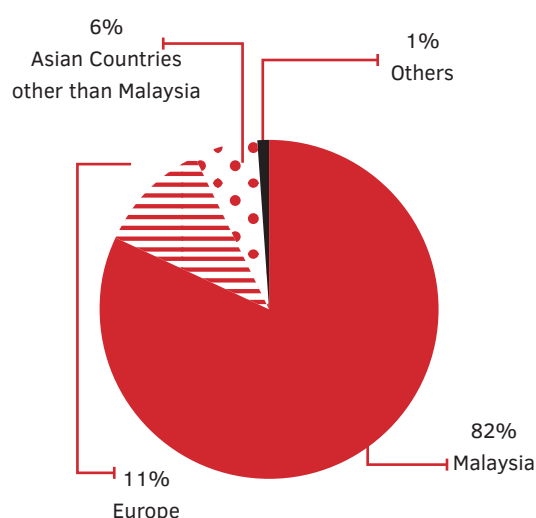
performance contract solutions were completed during the year. Our installations and service works that had been planned for the year were delayed or deferred by the client. In addition, there were no new Green Technology project opportunities in 2022 from several of our key clients compared to prior years.

2. The Telcotech segment recorded lower revenue as compared to FY 2021 due to lower traffic from one of our Airtime sharing platform's clients in 2022. The telecommunications industry in general saw a decline in migrant and tourist prepaid SIM sales since the Covid-19 pandemic, resulting in lower contributions from value-added services such as Airtime sharing.

Sustainable Healthcare and FinTech contributed 78% and 15% respectively to our Group's total revenue in 2022.



By geography, Malaysia remains the Group's main revenue contributor for all of our business segments. In 2022, 82% of our revenue was derived from Malaysia. Our Offspring products, from the Sustainable Healthcare segment, are also available outside of Malaysia, in particular in the South East Asia region namely Singapore and Brunei, as well as several other countries across Asia, Europe, Africa and North America.



Cost Of Sales

We defined the cost of sales as the amount we

pay to third parties for expenses associated with the development, production, and provision of our products and solutions.

The cost of sales in 2022 decreased by RM7.79 million or 29.02% to RM19.05 million in line with the reduction in revenue in particular from Sustainable Energy compared to FY 2021.

Operating Expenses, Depreciation & Finance Costs

Operating expenses increased by 69.03% to RM19.24 million during the year compared to RM11.39 million in FY 2021. This was primarily due to higher spending on marketing expenses to increase the capabilities and reach of our Sustainable Healthcare products for both online as well as offline retail stores, and to fund employee benefits as a result of hiring more people to support business growth.

Depreciation of property, plant, equipment, and Right-of-Use ("ROU") assets on a combined basis increased by 13.57% to RM1.02 million compared to RM0.90 million in FY 2021. The increase was mainly associated with ROU and lease liabilities for all lease contracts such as rental of warehouses, server co-locations, data centre hosting services, and hire purchases in our balance sheet. Depreciation on the ROU and interest expense on the lease liabilities are recognised in the income statement.

Total finance costs increased by more than 100% to RM0.55 million in 2022 from RM0.24 million in 2021 mainly due to increased trade finance products to facilitate our procurements for the Sustainable Healthcare segment and Islamic profit rate on the project financing of the Sustainable Energy segment.

The weighted average effective interest rate of borrowings of the Group is 5.79% (2021: 5.17%) per annum for term loans, 6.18% (2021: 4.70%) for

lease liabilities, 7.49% for clean import financing (2021: nil), 6.11% for revolving credit (2021: 5.11%) and 1.50% for bankers' acceptance (2021: nil)

Profit Before Tax (PBT) And Profit After Tax (PAT)

The Group's PBT was RM2.13 million compared to a PBT of RM12.13 million in FY 2021 due to lower revenue and higher operating expenses, in particular marketing and promotional expenses.

The combined effects of the lower revenue and higher operating expenses in the year resulted in the recognition of a PAT of RM1.35 million compared to a PAT of RM10.32 million in FY 221.

Financial Position And Liquidity

Assets

As at 31 December 2022, our total assets increased by 11.38% to RM57.76 million from RM51.86 million as at 31 December 2021 mainly due to higher current and non-current assets during the year.

There was a significant increase in inventories to RM9.38 million from RM7.09 million as at the end of 2021. This mainly consisted of a RM2.28 million increase in Sustainable Healthcare inventory build-up. As such, inventory turnover in 2022 was 1.89 times (2021: 2.26 times) and days' sales in inventory have increased to 193 days (2021: 162 days).

Liabilities

As of 31 December 2022, our total liabilities increased by 49.46% to RM16.33 million from RM10.93 million as at 31 December 2021. The increase in total liabilities was mainly due to term loans taken up to partially finance the Sustainable Energy segment's energy performance projects.

Trade, other payables, and accruals also increased by RM0.59 million or 24.64% compared to the previous year. As at 31 December 2022, our Group has outstanding borrowings of approximately RM11.58 million (2021: RM5.10 million) and lease liabilities of RM1.73 million (2021: RM1.08 million).

Shareholders' Equity

Total equity attributable to owners of the Company as at 31 December 2022 increased to RM41.43 million as compared to RM40.93 million as at 31 December 2021.

During the year, the Company completed the listing and quotations of an ESOS exercise, resulting in an increase in the share capital from RM65.65 million to RM65.71 million.

| | No of Shares | RM'000 |
|---|--------------|--------|
| As at 1.1.2022 | 347,189,052 | 65,649 |
| Ordinary shares issued pursuant to the ESOS | 163,000 | 63 |
| As at 31.12.2022 | 347,352,052 | 65,712 |

Dividend

Despite declaring interim dividends in 2015, 2016, and 2017, our Group has no 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 dividends proposed are subject to our shareholders' approval.

Our ability to pay future dividends to our shareholders is subject to various factors including but 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 levels of cash, cash equivalents, and short-term deposits, which totalled RM14.49 million as of 31 December 2022, coupled with cash generated by ongoing operations and sustained access to debt markets, will be sufficient to meet its projected cash requirements, debt commitments, maintain operations, and finance capital investment over the next 12 months and beyond.

Review Of Operating Segments

The following table shows the revenue of the operating segment for 2022 and 2021:

| | FYE 2022 (RM'000) | FYE 2021 (RM'000) | CHANGE (+/-) |
|------------------------|----------------------|----------------------|-----------------|
| Segment revenue | | | |
| Sustainable Healthcare | 30,031 | 27,036 | 11.08% |
| Sustainable Energy | 887 | 15,649 | (94.33%) |
| FinTech | 5,509 | 4,159 | 32.46% |
| TelcoTech | 1,926 | 2,243 | (14.14%) |
| Others | - | 11 | (100%) |
| Total revenue | 38,353 | 49,098 | (21.89%) |

Segment profit/ (loss) before tax

| | | | |
|---|--------------|---------------|-----------------|
| Sustainable Healthcare | 1,911 | 5,521 | (65.39%) |
| Sustainable Energy | 626 | 7,293 | (91.42%) |
| FinTech | 2,221 | 933 | >100% |
| TelcoTech | (964) | 392 | (>100%) |
| Others & Investment holding | (1,669) | (2,008) | (16.91%) |
| Operating profit/(loss) before tax | 2,125 | 12,131 | (82.48%) |

(a) Sustainable Healthcare

Revenue from this segment increased 11.08% to RM30.03 million compared to RM27.04 million in FY

2021, mainly due to an increase in online sales from its own website, offspringinc.com, as well as from third-party online marketplaces namely Lazada, Shopee Malaysia, and GrabMart. In addition, the increase in revenue was also due to the expansion of international sales via overseas distributors and increased sales from local offline retailers comprising departmental stores, supermarkets, and specialty stores such as Aeon, Jaya Grocer, Village Grocer, Watsons, Mothercare, and Happikiddo. The segment's profits dipped 65.39% to RM1.91 million, primarily as a result of increased marketing expenses to expand the market reach of Offspring products in both online and offline retail outlets, as well as for employee benefits from recruiting additional staff to support the expansion of the segment.

(b) Sustainable Energy

Sustainable Energy contributed RM0.89 million in revenue to the Group in 2022 as compared to RM15.65 million in the previous year mainly due to no fresh roll-outs of Sustainable Energy solutions under the energy performance contracts with several targeted key clients during the year. The segment managed to record a modest profit before tax of RM0.63 million despite the decrease in its core revenue of providing energy performance solutions.

(c) Financial Technology ("FinTech")

In the current financial year, FinTech revenue increased 32.46% to RM5.51 million from RM4.16 million in FY 2021. Higher transaction revenue from our Tawarruq and Go Halal platforms were a major factor in the FinTech segment's improved performance. As a result, the segment's margins have improved, with a total profit before tax of RM2.22 million generated in 2022 as opposed to RM0.93 million in 2021.

(d) Telco Technology (“TelcoTech”)

Telcotech's revenue dropped from RM2.24 million in FY 2021 to RM1.93 million in FY 2022 as a result of lower traffic from one of our Airtime sharing platform clients. Due to the COVID-19 outbreak, prepaid SIM sales to migrants and tourists have decreased, resulting in a decrease in value-added service contributions such as Airtime sharing.

Due to a general slowdown in the prepaid market brought on by lower average revenue per user (“ARPU”) and a declining subscriber base, the segment continues to see a reduced average daily transaction volume. An RM0.96 million loss before tax was recorded by the segment in 2022 as a result of decreased revenue and higher overheads compared to the previous year.

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:

Business disruptions and uncertainties from unanticipated events

COVID-19 and its related variants previously caused us to modify several of our business practices and operations in the past few years.

For instance, we had to adapt to the likes of work-from-home arrangements while utilising online meeting platforms when pursuing new sales contracts as well

as contract renewals. We will be better prepared for similar future prolonged restrictions or limitations from our experiences during the pandemic, but also note that more unanticipated events can take place which 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.

Mitigation:

During the nationwide lockdown in 2020 and 2021, we created Work-From-Home (“WFH”) rules for our staff as a temporary option. We resume full operations in our office premises in 2022. At our premises, we mandated reasonable social distancing and safety precautions.

Although we have had COVID-19 cases among our employees in the past, we were able to control the situation and protect other employees and their immediate families.

We will continuously strive to improve our risk management capabilities, but cannot provide full assurance that our measures will be sufficient to mitigate the risks posed by any future global pandemic or disaster.

Competition

Risk of loss when actions of our competition such as new product innovations and price discounts can negatively impact our business.

Our ability to compete successfully will depend on our marketing and ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment, new services that may be introduced, changes in consumer preferences, demographic trends,

economic conditions, and pricing strategies by competitors.

Due to increasing competition, we might need to lower the price of some of our goods and services which might result in lower sales, while increasing costs and the potential need to increase our capital expenditures might result in lower profit margins and thereby decrease our cash flow. We may lose customers and experience poor financial outcomes if we are unable or unwilling to lower prices or make further investments in some of our goods and services in the future. Also, due to competition from other businesses and the development of new technology, some of our present or future goods and services can become obsolete.

Mitigation:

To maintain and strengthen our competitive edge, we implement strategies like providing distinct and comprehensive product offerings at competitive pricing and constantly adapting to changing consumer preferences.

Reliance on sales from key customers

The Group has a number of key customers that in the aggregate, contribute to a significant portion of the Group's revenue. We may have greater exposure to fewer Sustainable Healthcare, Sustainable Energy, FinTech, and TelcoTech customers in situations where a slowdown in decision-making processes, delays in planned contract renewals, or external regulatory implementations as a result of economic conditions (including those related to the COVID-19 pandemic) may disrupt historical spending patterns. There can be no assurance that our relationship with our key customers will continue and we cannot fully discount the possibility of a significant reduction or total loss of business from our key customers, if not offset by sales to new or existing customers. These situations may have adverse effects on our business, the results of operations, cash flows, and

financial conditions.

Mitigation:

We shall keep enhancing and improving our current products and services, developing new products and services, investing in new technology, acquiring synergistic businesses, and/or partnering with other businesses that would enable us to offer a wider variety of products and services in order to better serve the needs of our existing key customers and draw in new customers.

Non-collectability of trade receivables

Risk of loss from a debtor fails to make payment or payments due to us.

Non-collectability will adversely affect our cash flow, financial position, results of operations and business prospects.

Mitigation:

We acknowledge the importance of sound credit control and attempt to minimize risks by keeping track of the Group's outstanding trade receivables and taking the necessary steps to keep them within manageable limits at all times. On a regular basis, at least once each month, allowances for non-performing and past-due receivables are assessed. 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.

Third-party risk

Risk of loss from the financial standing, creditworthiness, or capacity of our business partner in a project or commercial venture that affects our ability to fulfill our obligations to clients.

Mitigation:

We work to reduce these risks using a variety of strategies, such as aligning the project or business with key performance objectives and keeping a close eye on our risk and exposure.

Supply chain vulnerabilities and disruptions

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.

Mitigation:

By taking preventative steps for supply chain risk mitigation and management, we kept track of the effects of supply chain disruptions throughout our businesses. Our contingency plan for resilience and viability includes, among other things, working with suppliers in our supply chain to create a coordinated disaster recovery plan to maintain business continuity and diversifying our supplier network to reduce reliance on a single supplier.

Operational and infrastructure risks

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.

Mitigation:

We seek to mitigate operational and infrastructure risks by anticipating and proactively deterring risk events. Within our Group, each operating segment is responsible for controlling and reducing the risks associated with changing business volumes, cost structures, and other factors in order to govern its own operational and infrastructure risks.

Foreign exchange risk

Losses that an international financial transaction may incur due to currency fluctuations. The Group has transactional currency exposures arising from sales and purchases that are denominated in currencies other than the functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollars (USD) and Australian dollars (AUD).

Mitigation:

As and when we undertake significant transactions denominated in foreign currencies, with continuing exposure over the applicable periods of settlement, we evaluate our exposure and the necessity to hedge such exposure, as well as the availability and cost of such hedging instruments. For working capital needs, we also keep cash and cash equivalents denominated in foreign currencies.

Opportunities Going Forward

With the adverse effects of the COVID-19 pandemic fading gradually and economic normalcy slowly returning, the global outlook started to improve in 2022. While businesses returned to operating at full capacity and virtually all international borders fully reopened, the global landscape was subsequently blighted by the backdrop of accelerating inflation and continued geopolitical uncertainties which muted growth and resulted in continuous volatility across markets.

The ongoing geopolitical tensions between Russia and Ukraine since February 2022 have resulted in soaring commodity and energy prices, supply chain disruption and a significant depreciation in the Russian Ruble. Revenue contribution from Russia accounted for about 11% of the total Group revenue during the financial year. However, any impact will be negated by the Group's expansion of

international sales to Cambodia, Spain, South Korea, Finland, Thailand, Myanmar, Bahrain and Maldives.

On a positive note, the domestic front looked slightly rosier as Bank Negara Malaysia reported that Malaysia managed to produce robust gross domestic product (GDP) growth of 8.7% in 2022, above the original forecast of 6.5%–7%. This was accomplished despite the uncertainty in the global macroeconomic climate.

This signalled that investor, company, and consumer confidence in the national economy had gradually recovered after being beaten down by the growth-curtailling effects of the pandemic. This was further boosted by Malaysia's unemployment rate declining in the second half of 2022.

Against the backdrop of global volatility and gradually improving local sentiment, the Group persevered to record a second consecutive year of profitability and remained on a positive growth trajectory.

In addition to the improved local macroeconomic conditions, growing awareness about sustainability looks set to continue auguring well for Sedania's business prospects going forward, given that we are fully focused on being one of the preeminent ESG enablers.

More sustainability initiatives will undoubtedly be mandated by regulatory authorities such as Bursa Malaysia in the near future, particularly with recent global developments such as the COP27 conference held in November 2022 reaffirming commitments of global economies to limiting the rise of global temperatures.

Driven by an operating environment getting closer to normalcy and driven by ESG further taking centre stage, the future remains very promising for the Group. Our Sustainable Energy and Sustainable Healthcare segments will be key to our success moving forward.

On the Sustainable Energy front, we look set to further build on our current strategy of investing in our clients' future energy sustainability. We currently possess a healthy pipeline of energy efficiency and renewable energy projects where revenue will consistently be recognised immediately and over the long term. Additionally, we are actively looking to expand our client base by diversifying into the manufacturing, commercial and hospitality sectors, with our existing track record comprising banking, telecommunications, and government-linked companies.

Meanwhile, our Sustainable Healthcare subsidiary under the Offspring brand looks set to continue expanding into more highly populous markets while growing our average basket size of eco-friendly products sold in each of the over 20 countries we are currently present in. We will also look to offer new innovative eco-friendly products to excite consumers, with the segment's long-term prospects set to be driven by high fertility rates, as well as the rapidly growing awareness and demand for eco-friendly products and initiatives which help combat climate change.

Our FinTech division is also gearing up for an exciting year as it expands its portfolio of Shariah-compliant FinTech solutions for financial services institutions ("FSIs"). In line with Bank Negara Malaysia announcing the rollout of digital banking licenses in April 2022, we are optimistic about leveraging further on our innovative technologies and strategic partnerships to accelerate digital banking adoption as well as foster stronger financial inclusion by utilising our fintech capabilities to help FSIs expand access to financing for the mass market.

Overall, we are well-placed to step up our efforts in expanding our business segments whilst playing our part in enabling ESG adoption and saving the environment. We are also always on the lookout for synergistic business opportunities that may fit into our overall growth strategy and mission to improve lives sustainably.

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 2022 (“**FYE 2022**”) which provides insights to the manner in which the ARMC had discharged its functions during the FYE 2022, 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 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 processes, and 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 2022:-

| 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 |
| Practice 9.2 Cooling-off Policy of at least 3 years for any former partner of external audit firm and/or affiliate firm(s) |  Incorporated in the TOR of ARMC | |

MCCG Practices

Applications by the Company

Practice 9.3

Policies & Procedures to assess the suitability, objectivity and independence of external auditors



EA Policy & Procedures established

Practice 9.4

The Audit Committee comprises solely of independent directors



The ARMC comprised solely of three (3) Independent Non-Executive Directors

Practice 9.5

AC Members possess wide range of skills and are financially-literate



ARMC members with diverse background, experience and skills, financially-literate and understand the financial reporting process

Practice 10.1

Establish effective risk management and internal control framework



ARMC assumed Risk Management Committee function – to oversee the Group's risk management framework and policies

Practice 11.1

Effective and independent internal audit function



Appointed outsourced independent internal auditors, Talent League Sdn. Bhd.

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 MCGG. 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 is 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 MCGG.

2. Meetings and Attendances

A total of six (6) ARMC meetings were held during the FYE 2022. Details of attendance of each member at the ARMC meetings were as follows:-

| MEMBERS | NUMBER OF MEETINGS ATTENDED/HELD IN FYE 2022 | % |
|---|--|--------|
| 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 was 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 the opportunity to raise any concern or professional opinion and thus, to be able to exert their functions independently.

3. Assessment on Term of Office and Performance of The ARMC

The Nomination Committee (“**NC**”) had on 29 March 2023, 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 2022.

Upon review, the NC is satisfied with the ARMC and its members’ overall performance for FYE 2022. The NC subsequently reported the assessment outcome 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 2022, the summary of works carried out by the ARMC in discharging its responsibilities as set out in its TOR was 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 the 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 2022 and recommended the same to the Board for approval and adoption;

(iii) Reviewed the financial performance and financial highlights of the Group on a 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 a quarterly basis.

(b) External Auditors

(i) Reviewed and approved the External Auditors’ Audit Planning Memorandum for the FYE 2022 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 from 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 2022;
- (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 arisen from the external audit and obtain feedback 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 Audit

- (i) Reviewed and approved the Internal Audit Plan for the FYE 2022 outlining the Internal Auditors' scope of work, annual audit plan and budget for the year to ensure the adequacy of resources, competencies and the scope of coverage;
- (ii) Received assurance of independence from 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 and Sustainability 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.
- (ii) Exercised greater vigilance and sought assurance from Management on measures to anticipate and address material Environmental, Social and

Governance risks and opportunities.

- (iii) Ensure sustainability is given due consideration in respect of the corporate strategies proposed by Management.
- (iv) Reviewed the Group Sustainability Policy and recommended the same to the Board for approval and adoption.

(e) Review of Related Party Transactions

- (i) Reviewed and monitored any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity on a quarterly basis.
- (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.

(f) Other Matters

- (i) Reviewed its TOR to incorporate further corporate governance practices before recommending it to the Board for approval and adoption.

The Board is satisfied that the ARMC has carried out its 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 an 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 with 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 2022

A summary of the work of the internal audit function (“IA Function”) for the FYE 2022 is 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 2022: Corporate Liability Review and Business Continuity Management;
 - Q2 2022: Supply Planning (Procurement);
 - Q3 2022: Marketing and Product Management; and
 - Q4 2022: Management Information System and System Development.
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 the implementation of Management action plans carried out and reported the same to the ARMC.

(c) Total costs incurred for the FYE 2022

The total cost incurred for the internal audit function of the Group for the FYE 2022 was RM52,000/- (FYE 2021: RM51,000/-).

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 108 until 114 of this Annual Report.

The ARMC Report was presented and approved at the meeting of the Board of Directors held on 11 April 2023.

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 the Group for the financial year 31 December 2022 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 provides risk oversight, sets the tone at the top, develops risk culture and reviews the business objectives to be in line with 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 of 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 of the costs and benefits to safeguard the Group’s assets and protect the stakeholders’ interests in ensuring the 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 protecting assets and stakeholders, ensuring the achievement of the business objectives, and enhancing shareholder value.

The Board further acknowledges that risk management is an ongoing process and that business risks are embedded and form 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 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 2022 : Corporate Liability Review and Business Continuity Management
Q2 2022 : Supply Planning (Procurement)
Q3 2022 : Marketing and Product Management
Q4 2022 : Management Information System and System Development

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 the 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 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 the course of achieving the Group's goals 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 of the Group's commitment to 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 of 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 the 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 that clearly defines the organisation's DNAs, values, policies, the company's expectations of employees, and employees' 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 the development of business strategies and the 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 tools 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 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' interests 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 the 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 belief, that the Group's risk management and internal control system was 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 the 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 2022 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 11 April 2023.

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 the issuance of 14,500,000 new ordinary shares at an issue price of RM0.132 per share which raised gross proceeds of RM1.91 million. On 28 May 2021, the remaining 75% of the Proposed Private Placement was completed via the 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. On 27 May 2022, the Company further announced that the utilisation of proceeds raised from private placement was extended for an additional twelve (12) months. As of 28 April 2023, the details of the proceeds raised from the private placement were utilised as follows: -

| Purpose | Proposed utilisation RM'000 | Amount Utilised as at 31 Dec 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 | 6,079 | Within 12 months | - | - | - |
| General working capital | 7,786 | 8,036 | Within 12 months | - | - | (a) & (b) |
| Private Placement expenses | 500 | 250 | Within 1 month | - | - | (b) |
| Total gross proceeds | 14,365 | 14,365 | | - | - | |

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

Notes:

- (a) The general working capital allocated from the Private Placement has been fully utilised as at 31 December 2022.
- (b) 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 the 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 2022 ("**FYE 2022**") are set out in the table below:-

| Description | All Eligible Employees | Executive Directors |
|--|------------------------|---------------------|
| At beginning of financial year | 500,000 | - |
| (a) Total number of options granted | 18,200,000 | 500,000 |
| (b) Total number of options exercised | (163,000) | - |
| (c) Total number of options expired/lapsed | (700,000) | - |
| (d) Total options outstanding | 17,837,000 | 500,000 |

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

| Directors and Senior Management | During the FYE 2022 | Since commencement up to FYE 2022 |
|----------------------------------|---------------------|-----------------------------------|
| (a) Aggregate maximum allocation | 50.00% | 50.00% |
| (b) Actual granted | 5.37% | 38.90% |

During **FYE 2022**, 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 2022 are as follows:

| | Group (RM) | Company (RM) |
|----------------|----------------|---------------|
| Audit Fees | 213,000 | 53,000 |
| Non-audit fees | 8,000 | 8,000 |
| Total | 221,000 | 61,000 |

The Company incurred non-audit fees amounting to RM8,000 for services rendered by External Auditors to the Group during the FYE 2022 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 2022 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

Save as disclosed, there were no material recurrent related party transactions entered into by the Group during the FYE 2022.

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 2022 set out on pages 118 to 204 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 the responsibility for ensuring that proper accounting records are kept that 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 held on 11 April 2023.

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are summarised as follows:

- (i) providing computer solutions and development services, networking installation, procurement and supply services pertaining to or connected with telecommunications and information technology;
- (ii) business of Shariah-compliant platform for personal Islamic banking, financial technology consultation, solution and platforms; and
- (iii) trading of natural and organic products connected with offspring, family, and households.

Other information relating to the respective subsidiaries is disclosed 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.

RESULTS

| | Group RM | Company RM |
|--------------------------------------|-------------|---------------|
| Profit/(Loss) for the financial year | 1,351,314 | 1,121,764 |
| Attributable to: | | |
| Owner of the parent | 768,601 | 1,121,764 |
| Non-controlling interest | 582,713 | - |
| | 1,351,314 | 1,121,764 |

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.

Directors' Report

cont'd

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 RM65,649,141 to RM65,712,271 by way of issuance of 163,000 new ordinary shares, pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.38 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.

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 the 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 the aggregate to Executive Directors;
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in the aggregate to senior management of the Company and its subsidiaries;

Directors' Report

cont'd

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

- (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 are to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, hold 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.

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 31.12.2022^ | Exercisable as at 31.12.2022 |
|---------------|--|------------|-----------|------------|------------|---------------------------|------------------------------|
| | Balance as at 1.1.2022 | Granted | Exercised | Retracted* | | | |
| RM0.09 | 500,000 | - | - | (500,000) | - | - | - |
| RM0.38 | - | 18,200,000 | (163,000) | (200,000) | 17,837,000 | 8,837,000 | |
| | 500,000 | 18,200,000 | (163,000) | (700,000) | 17,837,000 | 8,837,000 | |

* 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 50% per year over vesting periods of 2 years.

Since the implementation of the ESOS until the end of the financial year, a total of 58,768,600 options had been granted to the eligible employees of the Group of which a total of 6,000,000 options had been granted to the Executive Director of the Group. A total of 40,931,600 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 11,100,000 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 were granted 22.1% of the total options available under the ESOS.

Directors' Report

cont'd

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

* 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
Rizalzin Hashim Bin Mohammed (Appointed on 1 January 2022)
Choy Khin Ming (Appointed on 1 November 2022)

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 2022 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:

| | Number of ordinary shares | | | |
|---|------------------------------|---------|------|--------------------------------|
| | Balance as at 1.1.2022 | Bought | Sold | Balance as at 31.12.2022 |
| Shares in the Company | | | | |
| <u>Direct interests</u> | | | | |
| Tan Sri Abdul Halim Bin Ali | 1,100,000 | - | - | 1,100,000 |
| Datuk Noor Azrin Bin Mohd Noor | 9,993,226 | 50,000 | - | 10,043,226 |
| Datuk Syed Izuan Bin Syed Kamarulbahrin | 100,000 | - | - | 100,000 |
| Datuk Noor Syafiroz Bin Mohd Noor | 5,600,000 | - | - | 5,600,000 |
| <u>Indirect interest</u> | | | | |
| Datuk Noor Azrin Bin Mohd Noor* | 113,682,892 | 500,000 | - | 114,182,892 |

Directors' Report

cont'd

DIRECTORS' INTERESTS cont'd

| | Number of ordinary shares | | | |
|---|------------------------------|--------|------|--------------------------------|
| | Balance as at 1.1.2022 | Bought | Sold | Balance as at 31.12.2022 |
| Shares in the ultimate holding company - Sedania Corporation Sdn. Bhd. | | | | |
| <u>Direct interest</u> | | | | |
| Datuk Noor Azrin Bin Mohd Noor | 999,999 | - | - | 999,999 |

| Share options in the Company | Number of options over ordinary shares | | | | Balance as at 31.12.2022 |
|-----------------------------------|--|---------|-----------|-----------|--------------------------------|
| | Balance as at 1.1.2022 | Granted | Exercised | Retracted | |
| <u>Direct interest</u> | | | | | |
| Datuk Noor Syafiroz 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.

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) 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.

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' Report

cont'd

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

| | Group RM | Company RM |
|------------------------------------|-------------|---------------|
| Executive: | | |
| - fees | 156,000 | - |
| - share options granted under ESOS | 1,816 | 1,816 |
| - other emoluments | 1,905,727 | 1,635,925 |
| Non-Executive: | | |
| - fees | 160,000 | 150,000 |
| - share options granted under ESOS | 2,178 | - |
| - other emoluments | 80,544 | 80,544 |
| | 2,306,265 | 1,868,285 |

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 RM46,200 (2021: RM44,000).

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

Directors' Report

cont'd

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 bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be 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.

(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 necessitate the writing off bad debts or render 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.

Directors' Report

cont'd

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

(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 EVENT DURING THE FINANCIAL YEAR

On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. This development resulted in soaring global commodities and energy prices, supply chain disruption and a significant decrease in the value of the Russian Ruble.

During the financial year, revenue contribution from Russia represented approximately 11% 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.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still on-going and remains unpredictable. The Management has assessed the financial impact on the Group and is of the opinion that there was no material adverse financial impact arising from the crisis. The Group is actively monitoring and managing the operations of the Group to minimise any impact arising from these developments.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 28 December 2022, the Company announced that it had entered into a Share Sale Agreement ("SSA") with Encik Ariffin Bin Sabirin for the acquisition of 34,000 ordinary shares ("Sale Shares") in Wasiyyah Shoppe Berhad ("WSB"), a company incorporated in Malaysia, representing a 20% equity interest in WSB, for a purchase consideration of RM3,000,000.00 to be fully satisfied by cash.

The Proposed Acquisition is to enable the Group to expand its presence in the growing Islamic financial technology business.

On 1 March 2023, the Group completed its acquisition of WSB.

Directors' 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 (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

| | Group RM | Company RM |
|-------------------------------|-------------|---------------|
| Statutory audit | | |
| - BDO PLT | 194,000 | 61,000 |
| - Other firm of auditors | 19,000 | - |
| Non-statutory audit - BDO PLT | 8,000 | 8,000 |
| | 221,000 | 69,000 |

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
26 April 2023

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 133 to 204 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 2022 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
26 April 2023

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 133 to 204 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)
26 April 2023)

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 133 to 204.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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.

Impairment assessment of certain financial assets

The Group recognised RM679,624 and RM2,264,244 in total allowance for impairment loss on contract assets and trade receivables as disclosed in Notes 10 and 11 to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default relating to the underlying financial assets 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 included the following:

- (a) Recomputed the probability of default using historical data and forward looking information adjustment, 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 statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report

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

cont'd

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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.

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*

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: *cont'd*

- (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.

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.

Independent Auditors' Report

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

cont'd

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

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Francis Cyril A/L S.R Singam

03056/04/2025 J
Chartered Accountant

Kuala Lumpur
26 April 2023

Statements of Financial Position

As at 31 December 2022

| | | Group | | Company | |
|---|------|--------------|--------------|-------------|-------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | RM | RM | RM | RM |
| | | Restated | | | |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 3,217,086 | 3,402,419 | - | - |
| Right-of-use assets | 6 | 1,563,133 | 971,009 | - | - |
| Intangible assets | 7 | 98,196 | 93,811 | - | - |
| Investments in subsidiaries | 8 | - | - | 41,969,680 | 41,969,680 |
| Investments in associates | 9 | - | - | - | - |
| Contract assets | 10 | 13,045,318 | 14,904,979 | - | - |
| Trade and other receivables | 11 | - | - | 4,037,574 | 2,306,882 |
| Deferred tax assets | 12 | 762,129 | 406,876 | - | - |
| | | 18,685,862 | 19,779,094 | 46,007,254 | 44,276,562 |
| Current assets | | | | | |
| Contract assets | 10 | 3,380,683 | 1,710,269 | - | - |
| Trade and other receivables | 11 | 11,155,179 | 9,912,861 | 13,196,159 | 9,765,075 |
| Inventories | 13 | 9,376,564 | 7,093,754 | - | - |
| Current tax assets | | 670,209 | 52,981 | - | - |
| Short term funds | 14 | 3,013,219 | 6,799,314 | 25,948 | 5,972,040 |
| Cash and bank balances | 15 | 11,476,999 | 6,507,840 | 173,798 | 130,392 |
| | | 39,072,853 | 32,077,019 | 13,395,905 | 15,867,507 |
| TOTAL ASSETS | | 57,758,715 | 51,856,113 | 59,403,159 | 60,144,069 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 16 | 65,712,271 | 65,649,141 | 65,712,271 | 65,649,141 |
| Reserves | 17 | (28,512,751) | (29,345,519) | (6,613,256) | (7,799,187) |
| Equity attributable to owners of the parent | | 37,199,520 | 36,303,622 | 59,099,015 | 57,849,954 |
| Non-controlling interests | | 4,230,269 | 4,627,556 | - | - |
| TOTAL EQUITY | | 41,429,789 | 40,931,178 | 59,099,015 | 57,849,954 |

Statements of Financial Position

As at 31 December 2022

cont'd

| | | Group | | Company | |
|------------------------------|------|------------|------------|------------|------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 12 | 8,312 | 1,693 | - | - |
| Borrowings | 18 | 7,245,172 | 3,354,994 | - | - |
| Lease liabilities | 19 | 1,080,027 | 542,478 | - | - |
| | | 8,333,511 | 3,899,165 | - | - |
| Current liabilities | | | | | |
| Borrowings | 18 | 4,338,782 | 1,747,608 | - | - |
| Lease liabilities | 19 | 654,578 | 538,854 | - | - |
| Trade and other payables | 20 | 2,995,718 | 4,341,543 | 304,144 | 2,294,115 |
| Current tax liabilities | | 6,337 | 397,765 | - | - |
| | | 7,995,415 | 7,025,770 | 304,144 | 2,294,115 |
| TOTAL LIABILITIES | | 16,328,926 | 10,924,935 | 304,144 | 2,294,115 |
| TOTAL EQUITY AND LIABILITIES | | | | | |
| | | 57,758,715 | 51,856,113 | 59,403,159 | 60,144,069 |

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2022

| | Note | Group | | Company | |
|--|-------|--------------|------------------------|-------------|-------------|
| | | 2022 RM | 2021 RM Restated | 2022 RM | 2021 RM |
| Revenue | 21 | 38,352,573 | 49,098,283 | - | - |
| Other operating income | | 3,638,883 | 2,401,235 | 3,092,630 | 1,318,833 |
| Advertisement and promotions | | (91,709) | (136,957) | (4,724) | (5,280) |
| Cost of goods sold | | (19,053,247) | (26,844,927) | - | - |
| Directors' remuneration | 23 | (2,306,265) | (1,780,367) | (1,868,285) | (1,558,743) |
| Employee benefits | 26 | (8,380,236) | (7,201,113) | (926,813) | (744,110) |
| Amortisation of intangible assets | 7 | (12,315) | (8,629) | - | - |
| Depreciation of property, plant and equipment | 5 | (274,508) | (330,914) | - | - |
| Depreciation of right-of-use assets | 6 | (729,424) | (555,276) | - | - |
| Net gain/(losses) on impairment of financial assets | 22(b) | 1,903,765 | 4,336,308 | 1,406,922 | (902,773) |
| Other operating expenses | | (10,368,523) | (6,603,817) | (405,574) | (687,155) |
| Finance costs | | (554,030) | (242,581) | (170,814) | (11,966) |
| Profit/(Loss) before tax | 22 | 2,124,964 | 12,131,245 | 1,123,342 | (2,591,194) |
| Tax expense | 24 | (773,650) | (1,810,369) | (1,578) | (18,664) |
| Profit/(Loss) for the financial year | | 1,351,314 | 10,320,876 | 1,121,764 | (2,609,858) |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income/(loss) | | 1,351,314 | 10,320,876 | 1,121,764 | (2,609,858) |
| Profit/(Loss) for the financial year attributable to: | | | | | |
| Owners of the parent | | 768,601 | 8,299,000 | 1,121,764 | (2,609,858) |
| Non-controlling interests | | 582,713 | 2,021,876 | - | - |
| | | 1,351,314 | 10,320,876 | 1,121,764 | (2,609,858) |
| Earnings per ordinary share attributable to equity holders of the Company: | | | | | |
| Basic earnings per share (sen) | 25 | 0.22 | 2.52 | | |
| Diluted earnings per share (sen) | 25 | 0.22 | 2.52 | | |

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

Consolidated Statement of Changes In Equity

For the Financial Year Ended 31 December 2022

| 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.

Consolidated Statement of Changes In Equity

For the Financial Year Ended 31 December 2022

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 2022 | 65,649,141 | (24,439,680) | 49,854 | (4,955,693) | 36,303,622 | 4,627,556 | 40,931,178 |
| Profit for the financial year | - | - | - | 768,601 | 768,601 | 582,713 | 1,351,314 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 768,601 | 768,601 | 582,713 | 1,351,314 |
| Transactions with owners | | | | | | | |
| Issuance of shares pursuant to ESOS | 63,130 | - | (1,190) | - | 61,940 | - | 61,940 |
| Share options granted under ESOS | - | - | 65,357 | - | 65,357 | - | 65,357 |
| Dividends | - | - | - | - | - | (980,000) | (980,000) |
| Total transaction with owners | 63,130 | - | 64,167 | - | 127,297 | (980,000) | (852,703) |
| Balance as at 31 December 2022 | 65,712,271 | (24,439,680) | 114,021 | (4,187,092) | 37,199,520 | 4,230,269 | 41,429,789 |

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2022

| Company | Share capital RM | Share options reserve RM | Accumulated losses RM | Total RM |
|--|---------------------|--------------------------------|-----------------------------|-------------|
| 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 |
| Balance as at 1 January 2022 | 65,649,141 | 49,854 | (7,849,041) | 57,849,954 |
| Profit for the financial year | - | - | 1,121,764 | 1,121,764 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income | - | - | 1,121,764 | 1,121,764 |
| Transactions with owners | | | | |
| Issuance of shares pursuant to ESOS | 63,130 | (1,190) | - | 61,940 |
| Share options granted under ESOS | - | 65,357 | - | 65,357 |
| Total transactions with owners | 63,130 | 64,167 | - | 127,297 |
| Balance as at 31 December 2022 | 65,712,271 | 114,021 | (6,727,277) | 59,099,015 |

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2022

| | | Group | | Company | |
|---|-------|-------------|------------------------|-------------|-------------|
| | Note | 2022 RM | 2021 RM Restated | 2022 RM | 2021 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit/(Loss) before tax | | 2,124,964 | 12,131,245 | 1,123,342 | (2,591,194) |
| Adjustments for: | | | | | |
| Amortisation of intangible asset | 7 | 12,315 | 8,629 | - | - |
| Depreciation of: | | | | | |
| - property, plant and equipment | 5 | 274,508 | 330,914 | - | - |
| - right-of-use assets | 6 | 729,424 | 555,276 | - | - |
| Bad debt written off | | - | 6,554 | - | - |
| Inventories written off | 13 | 13,607 | - | - | - |
| Unrealised gain on foreign exchange | 22 | (10,353) | - | - | - |
| Gain on disposal of property, plant and equipment | | (497) | - | - | - |
| Gain on reassessments and modifications of leases | | - | (2,406) | - | - |
| Interest expense on: | | | | | |
| - term loan | 22 | 308,709 | 90,966 | - | - |
| - lease liabilities | 22 | 125,381 | 70,376 | - | - |
| - bank facilities | 22 | 24,833 | - | - | - |
| - trust receipt | 22 | 95,107 | 81,239 | - | - |
| - Intercompany loan | 22 | - | - | 100,014 | - |
| - fair value adjustment on amount owing by a subsidiary | 22 | - | - | 70,800 | 11,966 |
| Income distribution from short term funds | 22 | (33,270) | (82,190) | (9,950) | (72,274) |
| Interest income on intercompany loan | 22 | - | - | (237,818) | (39,612) |
| Interest income from contract assets | 22 | (1,811,921) | (2,119,113) | - | - |
| Impairment losses on: | | | | | |
| - amount owing by a subsidiary | 11(f) | - | - | - | 570,043 |
| - amount owing by an associate | 11(f) | 435,900 | - | 435,900 | - |
| - trade receivables | 11(e) | 705,598 | 4,969 | - | - |
| - preference shares in an associate | 9(d) | - | 332,730 | - | 332,730 |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | 11(e) | (2,196,435) | (4,099,095) | - | - |
| - contract assets | 10(c) | (848,828) | (574,912) | - | - |
| - amount owing by a subsidiary | 11(f) | - | - | (1,842,822) | - |
| Share options granted under ESOS | | 65,357 | 45,994 | 20,333 | 14,524 |

Statements of Cash Flows

For the Financial Year Ended 31 December 2022

cont'd

| | | Group | | Company | |
|---|------|-------------|------------------------|-------------|--------------|
| | Note | 2022 RM | 2021 RM Restated | 2022 RM | 2021 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES <i>cont'd</i> | | | | | |
| Operating profit/(loss) before working capital changes | | 14,399 | 6,781,176 | (340,201) | (1,773,817) |
| Inventories | | (2,296,417) | (3,114,270) | - | - |
| Trade and other receivables | | 258,872 | 5,561,260 | (13,318) | 993,379 |
| Contract assets | | 2,849,996 | (7,291,872) | - | - |
| Trade and other payables | | 592,175 | (880,034) | (51,971) | (145,307) |
| Cash generated from/(used in) operations | | 1,419,025 | 1,056,260 | (405,490) | (925,745) |
| Tax paid | | (2,130,940) | (1,638,773) | (1,578) | (18,664) |
| Net cash used in operating activities | | (711,915) | (582,513) | (407,068) | (944,409) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Acquisition/Additions of interest in associates | | - | (332,730) | - | (332,730) |
| Investment in a subsidiary | 8(c) | - | - | - | (11,240,400) |
| Purchase of intangible assets | | (16,700) | (102,440) | - | - |
| Purchase of property, plant and equipment | 5 | (89,178) | (139,713) | - | - |
| Advances to a subsidiary | | - | - | (3,093,594) | (1,029,793) |
| Repayments to ultimate holding company | | (1,938,000) | (13,178,400) | (1,938,000) | (1,938,000) |
| Proceeds from disposal of property, plant and equipment | | 500 | - | - | - |
| Advances to an associate | | (435,900) | - | (435,900) | - |
| Income distribution received from short term funds | | 33,270 | 82,190 | 9,950 | 72,274 |
| Net cash used in investing activities | | (2,446,008) | (13,671,093) | (5,457,544) | (14,468,649) |

Statements of Cash Flows

For the Financial Year Ended 31 December 2022

cont'd

| | | Group | | Company | |
|--|-------|-------------|------------|-------------|-------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Drawdown of: | | | | | |
| - term loan | | 6,461,834 | 1,780,000 | - | - |
| - clean import financing | | 5,728,885 | - | - | - |
| - bankers' acceptance | | 2,767,115 | - | - | - |
| - trust receipt | | - | 753,393 | - | - |
| Repayments of: | | | | | |
| - term loan | | (2,095,198) | (211,326) | - | - |
| - lease liabilities | 19 | (793,656) | (620,081) | - | - |
| - trust receipt | | (753,393) | - | - | - |
| - clean import financing (CIF) | | (3,134,776) | - | - | - |
| - banker acceptance | | (2,493,115) | - | - | - |
| Interest paid | | (428,649) | (172,205) | (100,014) | - |
| Dividends paid | | (980,000) | - | - | - |
| Proceeds from issuance of shares | | 61,940 | 12,637,944 | 61,940 | 12,637,944 |
| Net cash from/(used in) financing activities | | 4,340,987 | 14,167,725 | (38,074) | 12,637,944 |
| Net increase/(decrease) in cash and cash equivalents | | 1,183,064 | (85,881) | (5,902,686) | (2,775,114) |
| Cash and cash equivalents at beginning of financial year | | 13,307,154 | 13,393,035 | 6,102,432 | 8,877,546 |
| Cash and cash equivalents at end of financial year | 15(c) | 14,490,218 | 13,307,154 | 199,746 | 6,102,432 |

Statements of Cash Flows

For the Financial Year Ended 31 December 2022

cont'd

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group | Clean import financing (Note 18) RM | Bankers acceptance (Note 18) RM | Term loan RM | Revolving credit (Note 18) RM | Trust receipt (Note 18) RM | Lease liabilities (Note 19) RM |
|-----------------------------------|---|--|-----------------|--|-------------------------------------|---|
| 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 |
| At 1 January 2022 | - | - | 3,849,209 | 500,000 | 753,393 | 1,081,332 |
| Non-cash flows | | | | | | |
| - accretion of interest expense | - | - | - | - | - | 125,381 |
| - reassessments and modifications | - | - | - | - | - | 580,883 |
| - additions during the year | - | - | - | - | - | 740,665 |
| Cash flows | | | | | | |
| - drawdowns | 5,728,885 | 2,767,115 | 6,461,834 | - | - | - |
| - repayments | (3,134,776) | (2,493,115) | (2,095,198) | - | (753,393) | (793,656) |
| At 31 December 2022 | 2,594,109 | 274,000 | 8,215,845 | 500,000 | - | 1,734,605 |

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

Notes to the Financial Statements

31 December 2022

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 2022 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 26 April 2023.

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.

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 the 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.

Notes to the Financial Statements

31 December 2022

cont'd

3. BASIS OF PREPARATION *cont'd*

In the previous 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.

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 the business of Shariah-compliant platform for personal Islamic banking, general advertising agents and trading of telecommunication products.

The Group has arrived at five (5) (2021: 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 for sustainable and environmentally friendly product and services.

(c) Financial Technology ("FinTech")

Provision of financial technology solutions for the banking industry.

Notes to the Financial Statements

31 December 2022

cont'd

4. OPERATING SEGMENTS *cont'd*

(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.

The Group evaluates performance based on profit or loss from operations before tax not including non-recurring losses, and 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.

| 2022 | Sustainable Healthcare RM | Sustainable Energy RM | FinTech RM | TelcoTech RM | Investment holding RM | Others RM | Total RM |
|--|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------|--------------|-------------|
| Segment profits | 1,935,924 | 630,790 | 2,232,267 | (960,313) | (1,648,347) | - | 2,190,321 |
| Share options granted under ESOS | | | | | | | (65,357) |
| Profit before tax | | | | | | | 2,124,964 |

Notes to the Financial Statements

31 December 2022

cont'd

4. OPERATING SEGMENTS *cont'd*

| 2022 | Sustainable Healthcare RM | Sustainable Energy RM | FinTech RM | TelcoTech RM | Investment holding RM | Others RM | Total RM |
|--|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------|--------------|-------------|
| Included in the measure of segment profits are: | | | | | | | |
| Revenue from external customers | 30,030,464 | 887,216 | 5,509,098 | 1,925,795 | - | - | 38,352,573 |
| Inter-segment revenue | - | - | - | - | 1,800,000 | - | 1,800,000 |
| Amortisation of intangible assets | 12,315 | - | - | - | - | - | 12,315 |
| Depreciation of: | | | | | | | |
| - property, plant and equipment | 200,682 | 32,531 | 13,247 | 28,048 | - | - | 274,508 |
| - right-of-use assets | 457,157 | 146,207 | - | 126,060 | - | - | 729,424 |
| Interest expense | 12,189 | 237,261 | - | 204,566 | 100,014 | - | 554,030 |
| Interest income | 10,185 | 1,811,921 | 7,346 | 5,789 | 9,950 | - | 1,845,191 |
| Segment assets | 17,545,013 | 17,409,666 | 6,110,156 | 15,010,568 | 250,974 | - | 56,326,377 |
| Deferred tax assets | | | | | | | 762,129 |
| Current tax assets | | | | | | | 670,209 |
| Total assets | | | | | | | 57,758,715 |
| Included in the measure of segment assets are: | | | | | | | |
| - additions to intangible assets | 16,700 | - | - | - | - | - | 16,700 |
| - additions to equipment | 45,575 | 12,640 | 20,065 | 10,898 | - | - | 89,178 |
| Segment liabilities | 7,695,008 | 4,252,574 | 398,492 | 3,666,559 | 301,644 | - | 16,314,277 |
| Deferred tax liabilities | | | | | | | 8,312 |
| Current tax liabilities | | | | | | | 6,337 |
| Total liabilities | | | | | | | 16,328,926 |

Notes to the Financial Statements

31 December 2022

cont'd

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 | 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 |

Notes to the Financial Statements

31 December 2022

cont'd

4. OPERATING SEGMENTS *cont'd*

| 2021 | Sustainable Healthcare RM | Sustainable Energy RM | FinTech RM | TelcoTech RM | Investment holding RM | Others RM | Total RM |
|----------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------|--------------|-------------|
| 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 |

(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.

| | 2022 RM | Group 2021 RM |
|--|------------|---------------------|
| Revenue from external customers | | |
| Malaysia | 31,438,823 | 41,674,350 |
| Asian countries other than Malaysia | 2,118,383 | 3,067,651 |
| Russia | 4,257,680 | 3,595,172 |
| Others | 537,687 | 761,110 |
| | 38,352,573 | 49,098,283 |
| Non-current assets | | |
| Malaysia | 18,685,862 | 19,779,094 |

Notes to the Financial Statements

31 December 2022

cont'd

4. OPERATING SEGMENTS *cont'd*

(b) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue:

| | Group 2022 RM | 2021 RM |
|------------|---------------------|------------|
| Customer A | * | 12,288,233 |
| Customer B | 4,257,680 | * |

* The amount of revenue attributable to the same customer in the respective financial years is less than 10% of the Group revenue.

5. PROPERTY, PLANT AND EQUIPMENT

| Group | Balance as at 1.1.2022 | Additions | Disposal | Reclasssification | Depreciation charge for the financial year | Balance as at 31.12.2022 |
|---------------------------|------------------------------|-----------|----------|-------------------|---|--------------------------------|
| Carrying amount | RM | RM | | RM | RM | RM |
| Office building | 2,726,667 | - | - | - | (60,000) | 2,666,667 |
| SMS/IT equipment | 43,104 | 18,646 | - | (3) | (31,499) | 30,248 |
| Event equipment | 50,718 | 925 | - | - | (48,941) | 2,702 |
| Production equipment | 15,298 | 880 | - | - | (4,609) | 11,569 |
| Furniture and fittings | 314,303 | 67,235 | (3) | 3 | (97,560) | 283,978 |
| Motor vehicles | 1,642 | - | - | - | (939) | 703 |
| Renovation | 250,687 | 1,492 | - | - | (30,960) | 221,219 |
| | 3,402,419 | 89,178 | (3) | - | (274,508) | 3,217,086 |

Notes to the Financial Statements

31 December 2022

cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| | [----- At 31.12.2022 -----] | | |
|------------------------|-----------------------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Office building | 3,000,000 | (333,333) | 2,666,667 |
| SMS/IT equipment | 4,002,326 | (3,972,078) | 30,248 |
| Event equipment | 158,059 | (155,357) | 2,702 |
| Production equipment | 63,282 | (51,713) | 11,569 |
| Furniture and fittings | 1,407,564 | (1,123,586) | 283,978 |
| Motor vehicles | 4,693 | (3,990) | 703 |
| Renovation | 1,011,872 | (790,653) | 221,219 |
| | 9,647,796 | (6,430,710) | 3,217,086 |

| Group | Balance as at 1.1.2021 RM | Additions RM | Depreciation charge for the financial year RM | Balance as at 31.12.2021 RM |
|------------------------|------------------------------------|-----------------|---|--------------------------------------|
| Carrying amount | | | | |
| 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 |

Notes to the Financial Statements

31 December 2022

cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| | [----- At 31.12.2021 -----] | | |
|------------------------|-----------------------------|--------------------------|-----------------|
| | Cost | Accumulated depreciation | Carrying amount |
| | RM | RM | 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 |

- (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 2022, the office building of the Group with a carrying amount of RM2,666,667 (2021: RM2,726,667) has been charged to a bank for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

Notes to the Financial Statements

31 December 2022

cont'd

6. RIGHT-OF-USE ASSETS

The Group as lessee

| Carrying amount | Balance as at 1.1.2022 RM | Additions RM | Reassessments and modifications RM | Depreciation charge for the financial year RM | Balance as at 31.12.2022 RM |
|------------------|------------------------------------|-----------------|---|---|--------------------------------------|
| Office buildings | 214,857 | 39,070 | - | (152,267) | 101,660 |
| Warehouses | 546,151 | 701,595 | 580,883 | (457,157) | 1,371,472 |
| Motor vehicles | 210,001 | - | - | (120,000) | 90,001 |
| | 971,009 | 740,665 | 580,883 | (729,424) | 1,563,133 |

| Carrying amount | Balance as at 1.1.2021 RM | Reassessments and modifications RM | Depreciation charge for the financial year RM | Balance as at 31.12.2021 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 |

- (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 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 |

Notes to the Financial Statements

31 December 2022

cont'd

6. RIGHT-OF-USE ASSETS *cont'd*

The Group as lessee *cont'd*

- (b) The Group has certain leases of office buildings with lease terms of 12 months or less and office equipment which are considered 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:

| | Group | |
|--|-----------|---------|
| | 2022 | 2021 |
| | RM | RM |
| Depreciation charge of right-of-use assets | 729,424 | 555,276 |
| Interest expense on lease liabilities (included in finance cost) | 125,381 | 70,376 |
| Expense relating to short term leases (included in other operating expenses) | 130,249 | 139,260 |
| Expense relating to leases of low-value assets (included in other operating expenses) | 112,186 | 50,726 |
| Gain on reassessments and modifications of leases (included in other operating income) | - | (2,406) |
| | 1,097,240 | 813,232 |

7. INTANGIBLE ASSETS

| Group | Balance as at 1.1.2022 | Additions | Amortisation charge for the financial year | Balance as at 31.12.2022 |
|---------------------|------------------------|-----------|--|--------------------------|
| Carrying amount | RM | RM | RM | RM |
| E-commerce webstore | 93,811 | 16,700 | (12,315) | 98,196 |

| [----- At 31.12.2022 -----] | | | |
|-----------------------------|---------|--------------------------|-----------------|
| Group | Cost | Accumulated amortisation | Carrying amount |
| | RM | RM | RM |
| E-commerce webstore | 119,140 | (20,944) | 98,196 |

Notes to the Financial Statements

31 December 2022

cont'd

7. INTANGIBLE ASSETS *cont'd*

| 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 | Cost | Accumulated amortisation | Carrying amount |
| | RM | 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 the localisation of e-commerce webstore in international territories namely Finland, Spain, and Thailand. E-commerce webstore is amortised over its estimated useful life of ten (10) years using the straight line method.

8. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---------------------------------|------------|------------|
| | 2022 | 2021 |
| | RM | RM |
| Unquoted equity shares, at cost | 41,969,680 | 41,969,680 |

- (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 2022

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 |
|--|--|------------------------------|------|---|
| | | 2022 | 2021 | |
| 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% | 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.

Notes to the Financial Statements

31 December 2022

cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

- (c) Acquisition of a subsidiary during the financial year ended 31 December 2021

In the previous financial year, a reorganisation exercise had 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 had been made to SedaniaCorp and a security of RM3,876,000 had been retained by the Company pursuant to the share sale agreement. Upon completion of the above reorganisation exercise, OFS became a subsidiary of the Company.

The first tranche of the security amounting to RM1,938,000 was released on 15 June 2021 to SedaniaCorp for the attainment of profit guarantee for the financial year end 31 December 2020.

On 27 April 2022, the second tranche of the security, amounting to RM1,938,000 was released to SedaniaCorp for the achievement of profit guarantee for the financial year ended 31 December 2021.

As OFS is under the 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 in the previous financial year is as follow:

| | 2021 |
|-------------------------------|-------------|
| | RM |
| Property, plant and equipment | 2,528,801 |
| Right-of-use assets | 546,151 |
| Intangible assets | 93,811 |
| Deferred tax assets | 72,601 |
| Inventories | 7,091,832 |
| Trade and other receivables | 3,670,593 |
| Cash and bank balances | 1,749,275 |
| Borrowings | (2,945,940) |
| Lease liabilities | (607,438) |
| Trade and other payables | (2,370,576) |
| Current tax liabilities | (385,117) |
| Total identified net assets | 9,443,993 |

Notes to the Financial Statements

31 December 2022

cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

- (c) Acquisition of a subsidiary during the financial year ended 31 December 2021 *cont'd*

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.

In the previous financial year, OFS had achieved and retained the required Profit Guarantee. There is no requirement for Profit Guarantee in 2022.

- (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 exceeds their recoverable amounts.

Notes to the Financial Statements

31 December 2022

cont'd

8. INVESTMENTS IN SUBSIDIARIES cont'd

- (e) Summarised information of company with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

- (i) Summarised statements of financial position

| | 2022 | OFS 2021 |
|---|------------------|------------------|
| | RM | RM |
| Non-current assets | 3,843,362 | 3,241,364 |
| Current assets | 14,135,770 | 12,511,700 |
| Total assets | 17,979,132 | 15,753,064 |
| Non-current liabilities | 2,302,548 | 1,786,961 |
| Current liabilities | 7,043,381 | 4,522,110 |
| Total liabilities | 9,345,929 | 6,309,071 |
| Net assets | 8,633,203 | 9,443,993 |
| Equity attributable to owners of the parent | 4,402,934 | 4,816,436 |
| Non-controlling interest | 4,230,269 | 4,627,557 |
| Total equity | 8,633,203 | 9,443,993 |

- (ii) Summarised statements of profit or loss and other comprehensive income

| | 2022 | OFS 2021 |
|---|------------|-------------|
| | RM | RM |
| Revenue | 30,030,464 | 27,036,456 |
| Profit for the year | 1,189,210 | 4,126,278 |
| Total comprehensive income | 1,189,210 | 4,126,278 |
| Profit attributable to: | | |
| - owners of the parent | 606,497 | 2,104,402 |
| - non-controlling interest | 582,713 | 2,021,876 |
| Total comprehensive income attributable to: | | |
| - owners of the parent | 606,497 | 2,104,402 |
| - non-controlling interest | 582,713 | 2,021,876 |

Notes to the Financial Statements

31 December 2022

cont'd

8. INVESTMENTS IN SUBSIDIARIES cont'd

(e) Summarised information of company with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. cont'd

(iii) Summarised statements of cash flows

| | OFS | |
|--|-----------|-----------|
| | 2022 | 2021 |
| | RM | RM |
| Net cash generated from/(used in): | | |
| - operating activities | 554,073 | (253,407) |
| - investing activities | 166,922 | 1,153,264 |
| - financing activities | (794,890) | 172,958 |
| Net (decrease)/increase in cash and cash equivalents | (73,895) | 1,072,815 |
| Cash and cash equivalents at beginning of the year | 1,749,275 | 676,460 |
| Cash and cash equivalents at the end of the year | 1,675,380 | 1,749,275 |

9. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Unquoted shares, at cost | 803,683 | 803,683 | 803,683 | 803,683 |
| Unquoted preference shares, at cost | 632,730 | 632,730 | 632,730 | 632,730 |
| Less: Impairment loss | (632,730) | (632,730) | (632,730) | (632,730) |
| | - | - | - | - |
| Advances to an associate | 578,977 | 143,077 | 578,977 | 143,077 |
| Less: Impairment loss | (578,977) | (143,077) | (578,977) | (143,077) |
| | - | - | - | - |
| Share of post-acquisition losses | (803,683) | (803,683) | - | - |
| | - | - | 803,683 | 803,683 |
| Less: Impairment loss | - | - | (803,683) | (803,683) |
| | - | - | - | - |

Notes to the Financial Statements

31 December 2022

cont'd

9. INVESTMENTS IN ASSOCIATES *cont'd*

- (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 RM435,900 on advances to an associate has been recognised by the Group and the Company respectively.

In the previous financial year, an impairment loss of RM332,270 on investments in associates had 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.
- (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(e) to the financial statements.

Movement in the impairment allowance for unquoted preference shares are as follows:

| | Group | | Company | |
|-------------------------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| At 1 January | 632,730 | 300,000 | 632,730 | 300,000 |
| Charge for the financial year | - | 332,730 | - | 332,730 |
| At 31 December | 632,730 | 632,730 | 632,730 | 632,730 |

Movement in the impairment allowance for advances to an associate are as follows:

| | Group | | Company | |
|-------------------------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| At 1 January | 143,077 | 143,077 | 143,077 | 143,077 |
| Charge for the financial year | 435,900 | - | 435,900 | - |
| At 31 December | 578,977 | 143,077 | 578,977 | 143,077 |

Notes to the Financial Statements

31 December 2022

cont'd

9. INVESTMENTS IN ASSOCIATES *cont'd*

(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 |
|--------------------------|--|------------------------------|--------|--|
| | | 2022 | 2021 | |
| *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.

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 2022.

(f) The summarised financial information of the associates as at the end of each reporting period is as follows:

| | VMSB RM | ESPL RM | Total RM |
|-------------------------------|------------|-------------|-------------|
| 2022 | | | |
| Assets and liabilities | | | |
| Non-current assets | 1,378 | 643,353 | 644,731 |
| Current assets | 28,038 | 4,453,019 | 4,481,057 |
| Current liabilities | (295,464) | (7,096,121) | (7,391,585) |
| Net liabilities | (266,048) | (1,999,749) | (2,265,797) |

Notes to the Financial Statements

31 December 2022

cont'd

9. INVESTMENTS IN ASSOCIATES *cont'd*

- (f) The summarised financial information of the associates as at the end of each reporting period is as follows: *cont'd*

| | VMSB RM | ESPL RM | Total RM |
|---|------------|-------------|-------------|
| 2022 | | | |
| Results | | | |
| Revenue | - | 116,173 | 116,173 |
| Depreciation of property, plant and equipment | (1,825) | (114,850) | (116,675) |
| Interest expense | (1,777) | (11,591) | (13,368) |
| Exchange loss | - | (2,889) | (2,889) |
| Loss for the financial year | (5,118) | (4,441,946) | (4,447,064) |
| Other comprehensive income, net of tax | - | - | - |
| Total comprehensive loss | (5,118) | (4,441,946) | (4,447,064) |
| 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)/asset | (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) |

Notes to the Financial Statements

31 December 2022

cont'd

9. INVESTMENTS IN ASSOCIATES *cont'd*

- (g) Reconciliation of net assets of associates to the carrying amounts of the investments in associates is as follows:

| | VMSB RM | ESPL RM | Total RM |
|---|------------|------------|-------------|
| 2022 | | | |
| Group's share of net liabilities | (117,821) | (724,047) | (841,868) |
| Goodwill on acquisition | 214,188 | - | 214,188 |
| Unrecognised share of loss | 346,710 | 1,492,677 | 1,839,387 |
| Less: Impairment loss | (443,077) | (768,630) | (1,211,707) |
| 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 | - | - | - |
| 2021 | | | |
| 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 | - | - | - |

- (h) During the financial year, unrecognised share of losses of associates, VMSB and ESPL amounted to RM2,267 (2021: RM2,150) and RM1,608,428 (2021: RM1,003,500) 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.

Notes to the Financial Statements

31 December 2022

cont'd

10. CONTRACT ASSETS

| | Group 2022 RM | 2021 RM Restated |
|--|---------------------|------------------------|
| Non-current | 13,045,318 | 14,904,979 |
| Current | 4,060,307 | 3,238,721 |
| | 17,105,625 | 18,143,700 |
| Less: Impairment losses on contract assets | (679,624) | (1,528,452) |
| Total contract assets | 16,426,001 | 16,615,248 |

The net amount of contract assets are disclosed as follows:

| | | |
|-----------------------------|------------|------------|
| Non-current contract assets | 13,045,318 | 14,904,979 |
| Current contract assets | 3,380,683 | 1,710,269 |
| | 16,426,001 | 16,615,248 |

- (a) Contract assets represent the Group's right to consideration in exchange for goods transferred to a customer. If the Group performs its obligation by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised.

Contract assets are transferred to receivables when the Group issues invoices to the customer.

- (b) Contract assets are denominated in RM.
- (c) Impairment for contract assets are recognised based on the simplified approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 11(e) to the financial statements.

Movements in the impairment allowance for contract assets are as follows:

| | Group 2022 RM | 2021 RM |
|---------------------------------|---------------------|------------|
| At 1 January | 1,528,452 | 2,103,364 |
| Reversal for the financial year | (848,828) | (574,912) |
| At 31 December | 679,624 | 1,528,452 |

Notes to the Financial Statements

31 December 2022

cont'd

11. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|-------------|-------------|------------|-------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Non-current asset: | | | | |
| Amount owing by a subsidiary | - | - | 4,037,574 | 2,306,882 |
| Current assets: | | | | |
| Trade receivables | | | | |
| Third parties | 8,941,302 | 10,364,801 | - | - |
| Less: Impairment losses on trade receivables | (2,264,244) | (3,755,081) | - | - |
| | 6,677,058 | 6,609,720 | - | - |
| Other receivables | | | | |
| Other receivables | 914,634 | 1,112,103 | 5,147 | 3,621 |
| Amount owing by subsidiaries | - | - | 13,144,932 | 11,569,988 |
| Amount owing by a related company | - | 38,129 | - | - |
| Refundable deposits | 1,826,919 | 2,411,010 | - | 1,000 |
| | 2,741,553 | 3,561,242 | 13,150,079 | 11,574,609 |
| Less: Impairment losses on: | | | | |
| - other receivable | (623,789) | (623,789) | - | - |
| - amount owing by subsidiaries | - | - | - | (1,842,822) |
| | 2,117,764 | 2,937,453 | 13,150,079 | 9,731,787 |
| Prepayments | 8,794,822 | 9,547,173 | 13,150,079 | 9,731,787 |
| | 2,360,357 | 365,688 | 46,080 | 33,288 |
| Total current receivables | 11,155,179 | 9,912,861 | 13,196,159 | 9,765,075 |
| Total current and non-current receivables | 11,155,179 | 9,912,861 | 17,233,733 | 12,071,957 |

- (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 (2021: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Notes to the Financial Statements

31 December 2022

cont'd

11. TRADE AND OTHER RECEIVABLES *cont'd*

- (c) Amounts owing by subsidiaries represent advances and payments made on behalf, which are interest-free, unsecured and repayable within next twelve (12) months or upon demand in cash and cash equivalents except for an amount of RM3,200,000 (2021: RM1,350,000), which bears interest at 7% (2021: 7%) per annum.
- (d) The ageing analysis of trade receivables of the Group is as follows:

| Group 2022 | Gross carrying amount RM | Total allowance RM | Balance as at 31.12.2022 RM |
|------------------------------|-----------------------------------|--------------------------|--------------------------------------|
| Not past due | 1,481,324 | (504) | 1,480,820 |
| Past due: | | | |
| - 31 to 90 days | 594,720 | (45) | 594,675 |
| - 91 to 180 days | 171,288 | (3,375) | 167,913 |
| - 181 to 360 days | - | - | - |
| - more than 360 days | 144,919 | (78,746) | 66,173 |
| | 910,927 | (82,166) | 828,761 |
| Individually credit impaired | 6,549,051 | (2,181,574) | 4,367,477 |
| | 8,941,302 | (2,264,244) | 6,677,058 |
| Restated 2021 | Gross carrying amount RM | Total allowance RM | Balance as at 31.12.2021 RM |
| Not past due | 3,237,365 | (435) | 3,236,930 |
| Past due: | | | |
| - 31 to 90 days | 1,170,552 | (2,385) | 1,168,167 |
| - 91 to 180 days | 551,976 | (2,191) | 549,785 |
| - 181 to 360 days | 16,677 | (621) | 16,056 |
| - more than 360 days | - | - | - |
| | 1,739,205 | (5,197) | 1,734,008 |
| Individually credit impaired | 5,388,231 | (3,749,449) | 1,638,782 |
| | 10,364,801 | (3,755,081) | 6,609,720 |

Notes to the Financial Statements

31 December 2022

cont'd

11. TRADE AND OTHER RECEIVABLES *cont'd*

- (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 measurement of ECL reflects an amount that is determined by reasonable as well as supportable information that is available at the end of the reporting period about past events and current conditions. This include both quantitative and qualitative information and analysis, based on market data, the Group's historical experience and past due information.

The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short-term nature. 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.

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.

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.

Notes to the Financial Statements

31 December 2022

cont'd

11. TRADE AND OTHER RECEIVABLES cont'd

(e) cont'd

The movements of the allowance for impairment loss on trade receivables are as follows:

| Group 2022 | Lifetime ECL allowance RM | Credit impaired RM | Total allowance RM |
|---------------------------------|------------------------------------|--------------------------|--------------------------|
| At 1 January | 5,632 | 3,749,449 | 3,755,081 |
| Charge for the financial year | 81,598 | 624,000 | 705,598 |
| Reversal for the financial year | (4,560) | (2,191,875) | (2,196,435) |
| At the end of financial year | 82,670 | 2,181,574 | 2,264,244 |
| Restated 2021 | | | |
| At 1 January | 663 | 7,848,544 | 7,849,207 |
| Charge for the financial year | 4,969 | - | 4,969 |
| Reversal for the financial year | - | (4,099,095) | (4,099,095) |
| At the end of financial year | 5,632 | 3,749,449 | 3,755,081 |

Trade receivables that are individually determined to be credit impaired at the financial year end relate to trade receivables that are in significant financial difficulties and have defaulted on payments.

- (f) Impairment for other receivables, amount owing by a subsidiary and advances to an associate is 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 the initial recognition of the financial asset. For those in which the credit risk has not increased significantly since the 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 of a default occurring over the expected life with the risk of default since initial recognition.

Notes to the Financial Statements

31 December 2022

cont'd

11. TRADE AND OTHER RECEIVABLES cont'd

(f) cont'd

The Group defined a 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, subsidiary and associates are 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, a subsidiary and associates.

The movements of the allowance for impairment loss on other receivables are as follows:

| | Group | |
|--------------------------|-------------------------------|-------------|
| | Lifetime ECL allowance | |
| | 2022 | 2021 |
| | RM | RM |
| At 1 January/31 December | 623,789 | 623,789 |

The movements of the allowance for impairment loss on amount owing by a subsidiary is as follows:

| | Company | |
|--|-------------------------------|-------------|
| | Lifetime ECL allowance | |
| | 2022 | 2021 |
| | RM | RM |
| At 1 January | 1,842,822 | 1,272,779 |
| (Reversal)/Charge for the financial year | (1,842,822) | 570,043 |
| At 31 December | - | 1,842,822 |

- (g) The Group determines the concentration of credit risk by monitoring their trade receivables on an ongoing basis. At the end of the reporting period, the concentration of credit risk arose from two (2) trade receivables amounting to RM4,367,476 (2021: RM3,438,782), which represents 65% (2021: 52%) 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.
- (h) Trade and other receivables are denominated in RM.
- (i) Prepayments include advance payments to suppliers for the purchase of goods and services.

Notes to the Financial Statements

31 December 2022

cont'd

12. DEFERRED TAX

- (a) The deferred tax (assets)/liabilities are made up of the following:

| | 2022 RM | Group 2021 RM |
|--|------------|---------------------|
| Balance as at 1 January | 405,183 | 367,888 |
| Recognised in profit or loss (Note 24) | 348,634 | 37,295 |
| Balance as at 31 December | 753,817 | 405,183 |

| | 2022 RM | Group 2021 RM |
|--|------------|---------------------|
| Presenting after appropriate offsetting: | | |
| Deferred tax assets, net* | (762,129) | (406,876) |
| Deferred tax liabilities, net* | 8,312 | 1,693 |
| | (753,817) | (405,183) |

* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group were RM788,456 (2021: RM782,302).

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

| Group Deferred tax liabilities | Property, plant and equipment RM | Other deductible temporary differences RM | Total RM |
|-----------------------------------|---|---|-------------|
| At 1 January 2022 | 23,162 | 760,833 | 783,995 |
| Recognised in profit or loss | 13,700 | (927) | 12,773 |
| At 31 December 2022 | 36,862 | 759,906 | 796,768 |
| At 1 January 2021 | - | 41,095 | 41,095 |
| Recognised in profit or loss | 23,162 | 719,738 | 742,900 |
| At 31 December 2021 | 23,162 | 760,833 | 783,995 |

Notes to the Financial Statements

31 December 2022

cont'd

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: *cont'd*

| Group | Property, plant and equipment RM | Other deductible temporary differences RM | Total RM |
|------------------------------|---|---|-------------|
| Deferred tax assets | | | |
| At 1 January 2022 | (95,800) | (1,093,378) | (1,189,178) |
| Recognised in profit or loss | 46,307 | (407,714) | (361,407) |
| At 31 December 2022 | (49,493) | (1,501,092) | (1,550,585) |
| At 1 January 2021 | (195,401) | (213,582) | (408,983) |
| Recognised in profit or loss | 99,601 | (879,796) | (780,195) |
| At 31 December 2021 | (95,800) | (1,093,378) | (1,189,178) |

- (c) The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

| | Group 2021 RM |
|--|---------------------|
| Other deductible temporary differences | 1,835,869 |
| Right-of-use assets | 49,037 |
| | 1,884,906 |

In the previous financial year, deferred tax assets of a subsidiary have not been recognised in respect of this item as it was not deemed 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 are subject to the agreement of the local tax authority.

Notes to the Financial Statements

31 December 2022

cont'd

13. INVENTORIES

| | Group | |
|-----------------|------------|------------|
| | 2022 RM | 2021 RM |
| At cost | | |
| Airtime reloads | 18,331 | 1,922 |
| Finished goods | 9,358,233 | 7,091,832 |
| | 9,376,564 | 7,093,754 |

- (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 RM15,568,445 (2021: RM12,503,037).
- (c) During the financial year, the amount of inventories written off by the Group was RM13,607.

14. SHORT TERM FUNDS

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Financial assets at fair value through profit or loss | | | | |
| Short term funds | 3,013,219 | 6,799,314 | 25,948 | 5,972,040 |

- (a) Short term funds held by the Group are highly liquid, readily convertible to cash and are subject to an 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 1 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.

Notes to the Financial Statements

31 December 2022

cont'd

15. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------|------------|-----------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Cash and bank balances | 11,476,999 | 6,507,840 | 173,798 | 130,392 |

- (a) Bank balances are deposits held at call with licensed banks.
- (b) Cash and bank balances are denominated in RM.
- (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 | |
|----------------------------|------------|------------|---------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Cash and bank balances | 11,476,999 | 6,507,840 | 173,798 | 130,392 |
| Short term funds (Note 14) | 3,013,219 | 6,799,314 | 25,948 | 5,972,040 |
| | 14,490,218 | 13,307,154 | 199,746 | 6,102,432 |

- (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 | | | |
|----------------------------------|-------------------|------------|------------------|------------|
| | 2022 | | 2021 | |
| | Number of shares | RM | Number of shares | RM |
| Issued and fully paid | | | | |
| Balance as at 1 January | 347,189,052 | 65,649,141 | 302,191,652 | 52,895,395 |
| Issued during the financial year | 163,000 | 63,130 | 44,997,400 | 12,753,746 |
| Balance as at 31 December | 347,352,052 | 65,712,271 | 347,189,052 | 65,649,141 |

Notes to the Financial Statements

31 December 2022

cont'd

16. SHARE CAPITAL *cont'd*

- (a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM65,649,141 to RM65,712,271 by way of issuance of 163,000 new ordinary shares, pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM0.38 per ordinary share for cash.

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

- (b) In the previous 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.
- (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 | |
|--------------------------|--------------|--------------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Non-distributable | | | | |
| Reorganisation debit | (24,439,680) | (24,439,680) | - | - |
| Share options reserve | 114,021 | 49,854 | 114,021 | 49,854 |
| Distributable | | | | |
| Accumulated losses | (4,187,092) | (4,955,693) | (6,727,277) | (7,849,041) |
| | (28,512,751) | (29,345,519) | (6,613,256) | (7,799,187) |

Notes to the Financial Statements

31 December 2022

cont'd

17. RESERVES cont'd

(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 RM | SASC RM | OFS RM | Total 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 |

(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. BORROWINGS

| | Group | |
|--------------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Current liability | | |
| Term loan I | 91,747 | 84,941 |
| Term loan II | - | 190,883 |
| Term loan III | 110,298 | 99,054 |
| Term loan IV | 124,113 | 119,337 |
| Term loan V | 644,515 | - |
| Trust receipt | - | 753,393 |
| Revolving credit | 500,000 | 500,000 |
| Bankers' acceptance | 274,000 | - |
| Clean Import Financing | 2,594,109 | - |
| | 4,338,782 | 1,747,608 |

Notes to the Financial Statements

31 December 2022

cont'd

18. BORROWINGS cont'd

| | Group | |
|------------------------------|-------------------|------------------|
| | 2022 | 2021 |
| | RM | RM |
| Non-current liability | | |
| Term loan I | 254,903 | 325,147 |
| Term loan II | - | 1,555,691 |
| Term loan III | 121,945 | 232,243 |
| Term loan IV | 1,117,800 | 1,241,913 |
| Term loan V | 5,750,524 | - |
| | 7,245,172 | 3,354,994 |
| Total | | |
| Term loan I | 346,650 | 410,088 |
| Term loan II | - | 1,746,574 |
| Term loan III | 232,243 | 331,297 |
| Term loan IV | 1,241,913 | 1,361,250 |
| Term loan V | 6,395,039 | - |
| Trust receipt | - | 753,393 |
| Revolving credit | 500,000 | 500,000 |
| Bankers' acceptance | 274,000 | - |
| Clean Import Financing | 2,594,109 | - |
| | 11,583,954 | 5,102,602 |

(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.

Notes to the Financial Statements

31 December 2022

cont'd

18. BORROWINGS *cont'd*

- (c) Term loan I facility is RM850,000 *cont'd*

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 Group's sustainable energy project involving energy saving solutions.

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 a 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 guarantees by the STSB's directors.

It is repayable in 88 equal monthly installments of RM25,814 each. During the financial year, Term loan II has been fully paid.

- (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% (2021: 6.00%) above the bank base financing rate per annum.

Notes to the Financial Statements

31 December 2022

cont'd

18. BORROWINGS *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 guarantees by the OFS's directors.

It is repayable in 120 equal monthly installments of RM14,225 each. Interest is charged at 3.93% (2021: 3.93%) above the bank base financing rate per annum.

- (g) Term loan V facility of RM6,461,834

STSB, a wholly-owned subsidiary of the Company has secured a term loan facility of RM6,461,834. The purpose of the banking facilities is to redeem its financing facility from Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") and reimburse up to 80% of the Group's sustainable energy project involving energy saving solutions.

Term loan V is secured by:

- (i) Letter of Undertaking from the subsidiary to ensure and guarantee that all Project Revenue from the Contract to be financed by the Bank are channeled into the Revenue Collection Account;
- (ii) Corporate guarantee by the Company for the total Facility granted to the subsidiary; and
- (iii) Irrevocable Letter of Undertaking from the Company to cover any shortfall of the monthly payment to the Bank and to any shortfall of the capital expenditure on the projects undertaken by the subsidiary.

It is repayable in 86 equal monthly installments of RM91,525 each.

Notes to the Financial Statements

31 December 2022

cont'd

18. BORROWINGS *cont'd*

(h) The trust receipt, bankers' acceptance and revolving credit facilities are 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 guarantees by the OFS's directors.

Interest is charged at 2.50% (2021: 2.50%) above the bank base rate per annum for revolving credit facilities and trust receipts respectively.

Interest is charged at 1.50% (2021: 1.50%) above the bank base rate per annum for trust receipts.

Interest is charged at 1.50% (2021: Nil) per annum for bankers' acceptance.

(i) The clean import financing is secured by:

- (i) Joint and several guarantees by the OFS's directors;
- (ii) Letter of Undertaking from the OFS to channel all local and overseas sales proceeds to the Bank; and
- (iii) Facility Agreement to be entered between OFS and the Bank.

Interest is charged at 1% per annum plus the bank base financing rate.

(j) The carrying amount of the borrowings are reasonable approximation of their fair values that they are floating rate instruments which are re-priced to market interest rates on or near the end of each reporting period.

Notes to the Financial Statements

31 December 2022

cont'd

18. BORROWINGS cont'd

- (k) 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 are 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 2022 | % | RM | RM | RM | RM |
| Term loans | | | | | |
| Floating rate | 5.79 | 970,673 | 4,037,849 | 3,207,323 | 8,215,845 |
| Revolving credit | | | | | |
| Floating rate | 6.11 | 500,000 | - | - | 500,000 |
| Clean import financing | | | | | |
| Floating rate | 7.49 | 2,594,109 | - | - | 2,594,109 |
| Bankers' acceptance | | | | | |
| Floating rate | 1.50 | 274,000 | - | - | 274,000 |
| 31 December 2021 | | | | | |
| Term loans | | | | | |
| Floating rate | 5.17 | 494,215 | 1,989,293 | 1,365,701 | 3,849,209 |
| Revolving credit | | | | | |
| Floating rate | 5.11 | 500,000 | - | - | 500,000 |

- (l) 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 RM26,412 (2021: RM11,634).

Notes to the Financial Statements

31 December 2022

cont'd

18. BORROWINGS *cont'd*

- (m) 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 RM | One to five years RM | Over five years RM | Total RM |
|-------------------------------|--|----------------------------|--------------------------|-------------|
| As at 31 December 2022 | | | | |
| Term loans | 1,504,470 | 5,472,722 | 3,534,247 | 10,511,439 |
| Revolving credit | 530,550 | - | - | 530,550 |
| Clean import financing | 2,788,408 | - | - | 2,788,408 |
| Bankers' acceptance | 296,112 | - | - | 296,112 |
| | 5,119,540 | 5,472,722 | 3,534,247 | 14,126,509 |
| As at 31 December 2021 | | | | |
| Term loans | 707,146 | 2,392,831 | 1,503,761 | 4,603,738 |
| Revolving credit | 500,000 | - | - | 500,000 |
| Trust receipt | 753,393 | - | - | 753,393 |
| | 1,960,539 | 2,392,831 | 1,503,761 | 5,857,131 |

19. LEASE LIABILITIES

| Group | Balance as at 1.1.2022 RM | Additions RM | Reassessments and modifications RM | Payment of lease liabilities RM | Accretion of interest expenses RM | Balance as at 31.12.2022 RM |
|------------------|------------------------------------|-----------------|---|--|--|--------------------------------------|
| Carrying amount | | | | | | |
| Office buildings | 223,115 | 39,070 | - | (161,041) | 6,948 | 108,092 |
| Warehouses | 607,438 | 701,595 | 580,883 | (513,804) | 110,984 | 1,487,096 |
| Motor vehicle | 250,779 | - | - | (118,811) | 7,449 | 139,417 |
| | 1,081,332 | 740,665 | 580,883 | (793,656) | 125,381 | 1,734,605 |

Notes to the Financial Statements

31 December 2022

cont'd

19. LEASE LIABILITIES cont'd

| Group Carrying amount | Balance as at 1.1.2021 RM | Reassessments and modifications RM | Payment of lease liabilities RM | Accretion of interest expenses RM | Balance as at 31.12.2021 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 |

Represented by:

| | Group 2022 RM | 2021 RM |
|---|---------------------|------------|
| Current liabilities | 654,578 | 538,854 |
| Non-current liabilities | 1,080,027 | 542,478 |
| | 1,734,605 | 1,081,332 |
| Lease liabilities owing to financial institutions | 139,417 | 250,779 |
| Lease liabilities owing to non-financial institutions | 1,595,188 | 830,553 |
| | 1,734,605 | 1,081,332 |

- (a) At the end of the financial year, the Group had total cash outflow for leases of RM1,036,091 which include RM242,435 payment relating to short-term leases and leases of low-value assets (2021: RM810,067 which include RM189,986 payment relating to short-term leases and leases of low-value assets).

Notes to the Financial Statements

31 December 2022

cont'd

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 31 December 2022 | Weighted average incremental borrowing rate per annum % | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|---------------------------|---|--|----------------------------|--------------------------|-------------|
| Lease liabilities | | | | | |
| Fixed rates | 6.18% | 654,578 | 1,080,027 | - | 1,734,605 |
| 31 December 2021 | | | | | |
| Lease liabilities | | | | | |
| Fixed rates | 4.70% | 538,854 | 542,478 | - | 1,081,332 |

- (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 RM | One to five years RM | Over five years RM | Total RM |
|-------------------------|--|----------------------------|--------------------------|-------------|
| 31 December 2022 | | | | |
| Lease liabilities | 743,726 | 1,153,342 | - | 1,897,068 |
| 31 December 2021 | | | | |
| Lease liabilities | 592,195 | 576,142 | - | 1,168,337 |

- (d) Sensitivity analysis for fixed rate lease liabilities at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

Notes to the Financial Statements

31 December 2022

cont'd

20. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|-----------|-----------|---------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Trade payables | | | | |
| Third parties | 633,451 | 398,979 | - | - |
| Other payables | | | | |
| Other payables | 919,779 | 766,662 | 66,826 | 79,192 |
| Amount owing to ultimate holding company | - | 1,938,000 | - | 1,938,000 |
| Amount owing to a subsidiary | - | - | 2,500 | 2,500 |
| Accruals | 798,088 | 654,753 | 234,818 | 274,423 |
| Deposits received from customers | 644,400 | 583,149 | - | - |
| | 2,362,267 | 3,942,564 | 304,144 | 2,294,115 |
| | 2,995,718 | 4,341,543 | 304,144 | 2,294,115 |

- 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 (2021: 30 days) from the date of invoice.
- Amount owing to ultimate holding company and the amount owing to a subsidiary represents advances and payments 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.
- Currency exposure profile of trade and other payables are as follows:

| | Group | | Company | |
|----------------------|-----------|-----------|---------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Ringgit Malaysia | 2,351,318 | 3,758,394 | 304,144 | 2,294,115 |
| United States Dollar | 644,400 | 583,149 | - | - |
| | 2,995,718 | 4,341,543 | 304,144 | 2,294,115 |

Notes to the Financial Statements

31 December 2022

cont'd

20. TRADE AND OTHER PAYABLES *cont'd*

- f. The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the foreign currencies strengthened or weakened by 10% and the exchange rates against the functional currency of the Group, with all other variables held constants:

| | Group | |
|-------------------------|----------|----------|
| | 2022 | 2021 |
| | RM | RM |
| Profit after tax | | |
| USD/RM | | |
| - strengthen by 10% | (48,974) | (44,319) |
| - weaken by 10% | 48,974 | 44,319 |

21. REVENUE

| | Group | |
|---|------------|------------|
| | 2022 | 2021 |
| | RM | RM |
| Revenue from contracts with customers: | | |
| Sale of goods | 30,566,936 | 42,297,526 |
| Services rendered | 7,505,394 | 6,402,012 |
| Maintenance revenue | 280,243 | 398,745 |
| | 38,352,273 | 49,098,283 |

Notes to the Financial Statements

31 December 2022

cont'd

21. REVENUE cont'd

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.

| | Malaysia RM | Asian countries RM | Russia RM | Others RM | Total RM |
|---------------------------------------|----------------|--------------------------|--------------|--------------|-------------|
| 31 December 2022 | | | | | |
| Major product and service line | | | | | |
| Sale of goods | 23,653,186 | 2,118,383 | 4,257,680 | 537,687 | 30,566,936 |
| Services rendered | 7,505,394 | - | - | - | 7,505,394 |
| Maintenance revenue | 280,243 | - | - | - | 280,243 |
| | 31,438,823 | 2,118,383 | 4,257,680 | 537,687 | 38,352,573 |
| Timing of revenue recognition | | | | | |
| Transferred at a point in time | 31,158,580 | 2,118,383 | 4,257,680 | 537,687 | 38,072,330 |
| Transferred over time | 280,243 | - | - | - | 280,243 |
| | 31,438,823 | 2,118,383 | 4,257,680 | 537,687 | 38,352,573 |

Notes to the Financial Statements

31 December 2022

cont'd

21. REVENUE cont'd

Disaggregation of revenue from contracts with customers cont'd

| 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 |

(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 have been transferred or the services have been rendered to the customer and coincide with the delivery of products and services and acceptance by customers.

There is no right of return provided to the customer on the sale of product and services rendered.

Some contracts include warranties that require the Group to either replace or mend a defective product during the warranty period. The Group is of the view that such warranties are negligible based on historical trends and expertise in the relevant business segment.

Some contracts for the sale of goods resulted in a time difference between receiving consideration and transferring control of goods to the customer is more than one year. Significant financing component for contracts with duration above one year have been accounted for based on prevailing market interest rates.

Notes to the Financial Statements

31 December 2022

cont'd

21. REVENUE *cont'd*

(b) Maintenance revenue

Revenue is recognised over time as and when the customer simultaneously receives and consumes 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.

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 | |
|--|---------|---------|---------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| After charging: | | | | |
| Auditors' remuneration: | | | | |
| - BDO PLT | | | | |
| - statutory audit | 194,000 | 182,785 | 61,000 | 58,000 |
| - non-statutory audit | 8,000 | 8,000 | 8,000 | 8,000 |
| - Other firm of auditors | | | | |
| - statutory audit | 19,000 | 39,000 | - | - |
| Interest expense on: | | | | |
| - term loan | 308,709 | 90,966 | - | - |
| - lease liabilities | 125,381 | 70,376 | - | - |
| - trust receipt | 95,107 | 81,239 | - | - |
| - bank facilities | 24,833 | - | - | - |
| - intercompany loan | - | - | 100,014 | - |
| - fair value adjustment on amount owing by a subsidiary | - | - | 70,800 | 11,966 |

Notes to the Financial Statements

31 December 2022

cont'd

22. PROFIT/(LOSS) BEFORE TAX cont'd

- (a) Other than those disclosed elsewhere in the financial statements, the profit/(loss) before tax are arrived at: *cont'd*

| | Group | | Company | |
|---|-------------|-------------|-------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| And crediting: | | | | |
| Dividend income | - | - | (1,020,000) | - |
| Income distribution from short term funds | (33,270) | (82,190) | (9,950) | (72,274) |
| Unrealised gain on foreign exchange | (10,353) | - | - | - |
| Interest income on: | | | | |
| - contract assets | (1,811,921) | (2,119,113) | - | - |
| - intercompany loan | - | - | (237,818) | (39,612) |

- (i) Income distribution from short term funds is recognised when the right to receive payment is established.
- (ii) Interest income is recognised on an accrual basis using the effective interest method.

Notes to the Financial Statements

31 December 2022

cont'd

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 | |
|---|-----------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| | Restated | | | |
| Impairment losses on: | | | | |
| - amount owing by a subsidiary | - | - | - | (570,043) |
| - amount owing by an associate | (435,900) | - | (435,900) | - |
| - trade receivables | (705,598) | (4,969) | - | - |
| - preference shares in an associate | - | (332,730) | - | (332,730) |
| Reversal of impairment losses on: | | | | |
| - amount owing by a subsidiary | - | - | 1,842,822 | - |
| - trade receivables | 2,196,435 | 4,099,095 | - | - |
| - contract assets | 848,828 | 574,912 | - | - |
| Net gain/(losses) on impairment of financial assets | 1,903,765 | 4,336,308 | 1,406,922 | (902,773) |

23. DIRECTORS' REMUNERATION

| | Group | | Company | |
|------------------------------------|-----------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Directors of the Group/Company: | | | | |
| Executive: | | | | |
| - fees | 156,000 | 108,000 | - | - |
| - share options granted under ESOS | 1,816 | - | 1,816 | - |
| - other emoluments | 1,905,727 | 1,448,199 | 1,635,925 | 1,334,575 |
| Non-Executive: | | | | |
| - fees | 160,000 | 150,000 | 150,000 | 150,000 |
| - share options granted under ESOS | 2,178 | - | - | - |
| - other emoluments | 80,544 | 74,168 | 80,544 | 74,168 |
| Total | 2,306,265 | 1,780,367 | 1,868,285 | 1,558,743 |

Notes to the Financial Statements

31 December 2022

cont'd

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:

| | 2022 | | 2021 | |
|-----------------------|---------------------|---------------|---------------------|---------------|
| | Number of Directors | | Number of Directors | |
| | Executive | Non-Executive | Executive | Non-Executive |
| Below RM50,000 | - | 1 | - | 3 |
| RM50,001 - RM100,000 | - | 3 | - | 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 | |
|--|-----------|-----------|---------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Current tax expense based on Profit/ (loss) for the financial year | | | | |
| - current year | 1,069,781 | 1,786,688 | - | - |
| - under provision in prior year | 52,503 | 60,976 | 1,578 | 18,664 |
| | 1,122,284 | 1,847,664 | 1,578 | 18,664 |
| Deferred tax (Note 12) | | | | |
| - relating to origination and reversal of temporary differences | (443,798) | (29,473) | - | - |
| - under/(over) provision in prior years | 95,164 | (7,822) | - | - |
| | (348,634) | (37,295) | - | - |
| | 773,650 | 1,810,369 | 1,578 | 18,664 |

- (i) The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.

Notes to the Financial Statements

31 December 2022

cont'd

24. TAX EXPENSE *cont'd*

- (ii) The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|--|-----------|-------------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Tax at Malaysian statutory tax rate of 24% (2021: 24%) | 509,992 | 2,911,499 | 269,602 | (621,886) |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | 568,368 | 704,063 | 474,552 | 938,406 |
| Non-taxable income | - | - | (744,154) | (316,520) |
| Utilisation of previously unrecognised deferred tax assets | (452,377) | (1,858,347) | - | - |
| | 625,983 | 1,757,215 | - | - |
| Under/(Over) provision of tax expense in prior years | | | | |
| - income tax | 52,503 | 60,976 | 1,578 | 18,664 |
| - deferred taxation | 95,164 | (7,822) | - | - |
| | 773,650 | 1,810,369 | 1,578 | 18,664 |

25. EARNINGS PER SHARE

- (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the earnings 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 | |
|--|-------------|-------------|
| | 2022 | 2021 |
| Profit attributable to equity holders of the parent (RM) | 768,601 | 8,299,000 |
| Weighted average number of ordinary shares (unit) | 347,263,426 | 329,247,336 |
| Basic earnings per ordinary share (sen) | 0.22 | 2.52 |

Notes to the Financial Statements

31 December 2022

cont'd

25. EARNINGS PER SHARE *cont'd*

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit 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 the average share price for the financial year and the exercise price.

| | Group | |
|---|-------------|-------------|
| | 2022 | 2021 |
| Profit attributable to equity holders of the parent (RM) | 768,601 | 8,299,000 |
| Weighted average number of ordinary shares (unit) | 347,263,426 | 329,247,336 |
| Effects of dilution due to ESOS (unit) | 762,540 | 411,707 |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit) | 348,025,966 | 329,659,043 |
| Diluted earnings per ordinary share (sen) | 0.22 | 2.52 |

26. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|-----------|-----------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Salaries, wages, bonuses and allowances | 6,749,258 | 5,834,230 | 829,883 | 635,800 |
| Defined contribution plan | 785,188 | 620,347 | 15,363 | 12,458 |
| Other benefits | 784,427 | 700,542 | 63,050 | 81,328 |
| Share option granted under ESOS | 61,363 | 45,994 | 18,517 | 14,524 |
| | 8,380,236 | 7,201,113 | 926,813 | 744,110 |

Notes to the Financial Statements

31 December 2022

cont'd

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 is 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 the aggregate to Executive Directors;
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in the 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 are to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, hold 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.

Notes to the Financial Statements

31 December 2022

cont'd

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 1.1.2022 | Granted | Exercised | Retracted* | Balance as at 31.12.2022^ | Exercisable as at 31.12.2022 |
|---------------|------------------------------|------------|-----------|------------|---------------------------------|------------------------------------|
| RM0.09 | 500,000 | - | - | (500,000) | - | - |
| RM0.38 | - | 18,200,000 | (163,000) | (200,000) | 17,837,000 | 8,837,000 |
| | 500,000 | 18,200,000 | (163,000) | (700,000) | 17,837,000 | 8,837,000 |

* 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 50% per year over vesting periods of 2 years.

The fair value of share options was estimated by the Group using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the assumptions used are as follows:

| | 2022 | 2021 |
|--|------|------|
| Expected life (years) | 2 | 1 |
| Average share price at grant date (RM) | 0.43 | 0.14 |
| Exercise price (RM) | 0.38 | 0.13 |
| Fair value of share options (RM) | 0.01 | 0.08 |
| Risk free rate of interest (%) | 3.88 | 3.68 |
| Expected volatility (%) | 4.71 | 79.7 |

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.

Notes to the Financial Statements

31 December 2022

cont'd

28. RELATED PARTY DISCLOSURES *cont'd*

(a) Identities of related parties *cont'd*

Related parties of the Company include:

- (i) subsidiaries of the Company as disclosed in Note 8 to the financial statements;
- (ii) associates as disclosed in Note 9 to the financial statements;
- (iii) direct and indirect subsidiaries of the ultimate holding company, Sedania Corporation Sdn. Bhd.; and
- (iv) key management personnel is 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 | |
|--|-------------|--------------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Transactions with an ultimate holding company | | | | |
| Repayments to ultimate holding company | (1,938,000) | (13,178,400) | (1,938,000) | (1,938,000) |
| Transactions with subsidiaries | | | | |
| Advances given to a Subsidiary | - | - | 3,093,594 | 1,029,793 |
| Dividend income | - | - | 1,020,000 | - |
| Loan given to a subsidiary | - | - | 3,200,000 | 1,350,000 |
| Interest income | - | - | (237,818) | (39,612) |
| Interest expense | - | - | 100,014 | - |
| Management fees | - | - | 1,800,000 | 1,200,000 |
| Transactions with an associate | | | | |
| Advances given to an associate | 435,900 | - | 435,900 | - |

Notes to the Financial Statements

31 December 2022

cont'd

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 | |
|---|-----------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Executive Directors fees | 156,000 | 108,000 | - | - |
| Short term employees benefits | | | | |
| - executive Directors | 1,704,841 | 1,295,655 | 1,464,841 | 1,194,031 |
| - key management personnel | 491,400 | 741,479 | 491,400 | 578,400 |
| | 2,196,241 | 2,037,134 | 1,956,241 | 1,772,431 |
| Contribution to defined contribution plan | | | | |
| - executive Directors | 200,886 | 152,544 | 171,084 | 140,544 |
| - key management personnel | 923 | 19,584 | 923 | - |
| | 201,809 | 172,128 | 172,007 | 140,544 |
| | 2,554,050 | 2,317,262 | 2,128,248 | 1,912,975 |

Directors of the Group have been granted the following number of options under the ESOS:

| | Group | |
|---------------------------|---------|-------------|
| | 2022 | 2021 |
| | Number | Number |
| Balance as at 1 January | - | - |
| Granted | 500,000 | 1,000,000 |
| Exercised | - | - |
| Retracted* | - | (1,000,000) |
| Balance as at 31 December | 500,000 | - |

* In the previous financial year, due to expiry of ESOS on 2 October 2021

The terms and conditions of the ESOS are detailed in Note 27 to the financial statements.

Notes to the Financial Statements

31 December 2022

cont'd

29. CONTINGENT LIABILITIES

| | Company | |
|---|------------|-----------|
| | 2022 | 2021 |
| | RM | RM |
| Corporate guarantees given to financial institutions for facilities granted to a subsidiary | | |
| - Unsecured | | |
| Limit of guarantee | 28,550,200 | 1,780,000 |
| Amount of utilised | 6,395,039 | 1,746,574 |

The Company designate guarantees given to financial institutions for credit facilities granted to a subsidiary as insurance contracts as defined in MFRS 4 Insurance Contracts. The Company recognise these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the financial institutions to call upon the guarantees are remote.

Corporate guarantees given to financial institutions are disclosed in Note 18 to the financial statements.

30. 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 2021 and 31 December 2022.

Notes to the Financial Statements

31 December 2022

cont'd

30. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management *cont'd*

There are no changes made to the capital management, policies and procedures of the Group and of the Company during the financial year.

| | Group | | Company | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Borrowings | 11,583,954 | 5,102,602 | - | - |
| Lease liabilities | 1,734,605 | 1,081,332 | - | - |
| | 13,318,559 | 6,183,934 | - | - |
| Less: | | | | |
| Cash and bank balances | (11,476,999) | (6,507,840) | (173,798) | (130,392) |
| Short term funds | (3,013,219) | (6,799,314) | (25,948) | (5,972,040) |
| Net cash | (1,171,659) | (7,123,220) | (199,746) | (6,102,432) |
| Total capital | 37,199,520 | 36,303,622 | 59,099,015 | 57,849,954 |
| 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.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market price risk. Information on the management of the related exposures are detailed below.

(i) Credit risk

Cash deposits, trade and other receivables and contract assets 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.

Notes to the Financial Statements

31 December 2022

cont'd

30. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

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.

Notes to the Financial Statements

31 December 2022

cont'd

30. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(b) Financial risk management *cont'd*

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales that are denominated in currency other than Ringgit Malaysia ("RM"). The foreign currency in which these transactions are denominated is United States Dollar ("USD").

The Group has adopted its foreign exchange policy to minimise the adverse exchange rate fluctuations.

The sensitivity analysis for foreign currency risk has been disclosed in Note 20 to the financial statements.

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its placement in money market deposits. The instruments are classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

As the short term funds are mainly cash funds or money market placement where the risk of analysis in value is insignificant, the Directors were of the opinion that the Company was not subject to significant exposure to price risk and accordingly, no sensitivity analysis was being presented at the end of each financial year.

Notes to the Financial Statements

31 December 2022

cont'd

31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

31.1 New Amendments to 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 |
|--|----------------|
| Annual Improvements to MFRS Standards 2018 - 2020 | 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 |

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 2023

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 |
|---|----------------|
| 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 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| 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.

Notes to the Financial Statements

31 December 2022

cont'd

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

- (a) On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. This development resulted in soaring global commodities and energy prices, supply chain disruption and a significant decrease in the value of the Russian Ruble.

During the financial year, revenue contribution from Russia represented approximately 11% 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.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still on-going and remains unpredictable. The Management has assessed the financial impact on the Group and is of the opinion that there was no material adverse financial impact arising from the crisis. The Group is actively monitoring and managing the operations of the Group to minimise any impact arising from these developments.

- (b) On 28 December 2022, the Company announced that it had entered into a Share Sale Agreement (“SSA”) with Encik Ariffin Bin Sabirin for the acquisition of 34,000 ordinary shares (“Sale Shares”) in Wasiyyah Shoppe Berhad (“WSB”), a company incorporated in Malaysia, representing a 20% equity interest in WSB, for a purchase consideration of RM3,000,000.00 to be fully satisfied by cash.

The Proposed Acquisition is to enable the Group to expand its presence in the growing Islamic financial technology (“Fintech”) business, which is an integral component of its principal activities.

On 1 March 2023, the Group completed its acquisition of WSB.

Notes to the Financial Statements

31 December 2022

cont'd

33. COMPARATIVE FIGURES

The Group has reclassified certain comparative figures in accordance with requirements of MFRS 15 *Revenue from Contracts with Customers* to conform with the current year's presentation as follows:

| Group 2021 | As previously reported RM | Reclassifications RM | As restated RM |
|---|---------------------------------|-------------------------|-------------------|
| Statement of financial position | | | |
| Non-current assets | | | |
| Finance lease receivables | 14,904,979 | (14,904,979) | - |
| Contract assets | - | 14,904,979 | 14,904,979 |
| Current assets | | | |
| Finance lease receivables | 1,710,269 | (1,710,269) | - |
| Contract assets | - | 1,710,269 | 1,710,269 |
| Statement of profit or loss and other comprehensive income | | | |
| Cost of goods sold | (23,103,191) | (3,741,736) | (26,844,927) |
| Net gain on impairment of financial assets | 594,572 | 3,741,736 | 4,336,308 |
| Statement of cash flows | | | |
| Cash flows from operating activities | | | |
| Impairment losses on trade receivables | 1,097,178 | (1,092,209) | 4,969 |
| Reversal of impairment losses on trade receivables | (1,449,568) | (2,649,527) | (4,099,095) |
| Operating profit/(loss) before working capital changes | 10,522,912 | (3,741,736) | 6,781,176 |
| Trade and other receivables | 1,819,524 | 3,741,736 | 5,561,260 |

List Of Properties

Sedania Technologies Sdn. Bhd.

| Registered owner | Location | Description and Existing Use | Built-Up Area (Sq. ft.) |
|--------------------------------|---|---|-------------------------|
| Sedania Technologies Sdn. Bhd. | 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 2022 (RM) | Effective Year of Purchase |
|----------|-------------------------------------|--|----------------------------|
| Freehold | 24 | 760,000 | 23 May 2011 |

Offspring Inc Sdn. Bhd.

| Registered owner | Location | Description and Existing Use | Built-Up Area (Sq. ft.) |
|-------------------------|--|---|-------------------------|
| Offspring Inc Sdn. Bhd. | 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 2022 (RM) | Effective Year of Purchase |
|----------|-------------------------------------|--|----------------------------|
| Freehold | 24 | 1,906,666 | 20 August 2020 |

Analysis of Shareholdings

As at 21 March 2023

Total Number of Issued Shares : 347,352,052
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 21 MARCH 2023

| Size of Shareholdings | No. of Shareholders | % | No. of Shares Held | % |
|--|---------------------|---------------|--------------------|---------------|
| Less than 100 | 25 | 0.39 | 328 | 0.00 |
| 100 – 1,000 | 871 | 13.61 | 517,294 | 0.15 |
| 1,001 – 10,000 | 2,822 | 44.10 | 16,254,900 | 4.68 |
| 10,001 – 100,000 | 2,318 | 36.22 | 81,017,612 | 23.32 |
| 100,001 to less than 5% of issued shares | 362 | 5.66 | 149,479,026 | 43.03 |
| 5% and above of issued shares | 1 | 0.02 | 100,082,892 | 28.81 |
| TOTAL | 6,399 | 100.00 | 347,352,052 | 100.00 |

SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2023

(Based on the Register of Substantial Shareholders)

| No. | Name | Direct | No. of Shares Held % | Indirect | % |
|-----|--------------------------------|-------------|-------------------------|----------------------------|-------|
| 1. | Sedania Corporation Sdn. Bhd. | 108,740,192 | 31.31 | - | - |
| 2. | Datuk Noor Azrin Bin Mohd Noor | 10,043,226 | 2.89 | 114,340,192 ⁽¹⁾ | 32.92 |

Note:

(1) Deemed interest by virtue of his interest in Sedania Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his sibling, Datuk Noor Syafiroz Bin Mohd Noor's direct interest in Sedania Innovator Berhad.

Analysis of Shareholdings

As at 21 March 2023

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 21 March 2023 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 | - | - | 114,340,192 ⁽¹⁾ | 32.92 |
| 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 | - | - | - | - | - | - |

Note:

(1) Deemed interest by virtue of his interest in Sedania Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 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 21 March 2023 including his indirect/deemed interests, are as follows:-

| No. | Name | No. of ESOS Options granted | No. of ESOS Options exercised | Direct Interest | |
|-----|----------------------|-----------------------------|-------------------------------|----------------------|------|
| | | | | No. of issued shares | % |
| 1. | Daniel Bernd Ruppert | 5,000,000 | - | 48,200 | 0.01 |

Analysis of Shareholdings

As at 21 March 2023

cont'd

THIRTY (30) LARGEST SHAREHOLDERS AS AT 21 MARCH 2023

(without aggregating the securities from different securities accounts belonging to the same person)

| No. | Name | No. of Issued Shares | % |
|-----|---|----------------------------|-------|
| 1 | Sedania Corporation Sdn. Bhd. | 100,082,892 | 28.81 |
| 2 | Nasri Bin Nasrun | 7,900,400 | 2.27 |
| 3 | AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azrin Bin Mohd Noor (7003861)</i> | 6,500,000 | 1.87 |
| 4 | Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sedania Corporation Sdn. Bhd.</i> | 6,157,300 | 1.77 |
| 5 | Ahmad Zaharul Annuar Bin Zainal Abidin | 4,188,300 | 1.21 |
| 6 | Muhamad Hasif Bin Nasruddin | 3,500,000 | 1.01 |
| 7 | Muhamad Hasif Bin Nasruddin | 3,444,300 | 0.99 |
| 8 | Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Syafiroz Bin Mohd Noor</i> | 3,200,000 | 0.92 |
| 9 | Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azrin Bin Mohd Noor</i> | 2,730,000 | 0.79 |
| 10 | Sedania Corporation Sdn. Bhd. | 2,500,000 | 0.72 |
| 11 | Azmi Bin Daud | 2,000,000 | 0.58 |
| 12 | Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hafidah Binti Pawanchik</i> | 1,984,300 | 0.57 |
| 13 | Asia New Venture Capital Holdings Sdn. Bhd. | 1,877,900 | 0.54 |
| 14 | Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Syafiroz Bin Mohd Noor (STF)</i> | 1,800,000 | 0.52 |
| 15 | Kamarudin Bin Ambok | 1,701,000 | 0.49 |
| 16 | Foo Jin Ping | 1,700,000 | 0.49 |
| 17 | Nur Syahida Bt Mohd Shafei | 1,650,000 | 0.48 |
| 18 | Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Choon Eek (E-TAI/KKR)</i> | 1,500,000 | 0.43 |

Analysis of Shareholdings

As at 21 March 2023

cont'd

THIRTY (30) LARGEST SHAREHOLDERS AS AT 21 MARCH 2023 cont'd

(without aggregating the securities from different securities accounts belonging to the same person)

| No. | Name | No. of Issued Shares | % |
|--------------|--|----------------------------|--------------|
| 19 | Chan Yoke Cheng | 1,463,800 | 0.42 |
| 20 | Kong Jyh Chau | 1,378,000 | 0.40 |
| 21 | Yap Yok Long | 1,200,000 | 0.35 |
| 22 | Yap Seng Keong | 1,190,200 | 0.34 |
| 23 | Abdul Halim Bin Ali | 1,100,000 | 0.32 |
| 24 | Nur Sarah Binti Mansor | 1,053,700 | 0.30 |
| 25 | AMSEC Nominees (Tempatan) Sdn. Bhd. <i>AmBank (M) Berhad for Chan Wai Onn (7648-1501)</i> | 1,000,000 | 0.29 |
| 26 | Teo Lian Teng | 1,000,000 | 0.29 |
| 27 | Zulkifli Bin Ismail | 1,000,000 | 0.29 |
| 28 | CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chang Lik Sean (MF00277)</i> | 950,000 | 0.27 |
| 29 | Azrul Hisham Bin Zainal Abidin | 941,700 | 0.27 |
| 30 | CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Soh Eng Choong (D Jaya-CL)</i> | 900,000 | 0.26 |
| TOTAL | | 167,593,792 | 48.26 |

Notice of the Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting (“**9th 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 Wednesday, 24 May 2023 at 11:00 a.m. for the purpose of transacting the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors’ and Auditors’ thereon. 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 2023. **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 25 May 2023 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 Azrin Bin Mohd Noor **Resolution 3**
 - ii) Puan Norliza Binti Kamaruddin **Resolution 4**
(Explanatory Note C)
5. 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 5**
(Explanatory Note D)

Notice of the Ninth Annual General Meeting

cont'd

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution with or without modifications:-

6. Authority to Allot and Issue Shares pursuant to the Companies Act 2016

Resolution 6
(Explanatory Note E)

“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 pursuant to Section 85 of the Act to be read together with Clause 16.5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to this mandate;

AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

7. 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

28 April 2023

Notice of the Ninth 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 **16 May 2023** 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 9th AGM and Proxy Form on corporate website**

Pursuant to Section 320(2) of the Act, a copy of the Notice of 9th AGM together with the Proxy Form are available at the corporate website of Sedania Innovator Berhad at <https://www.sedaniainnovator.com/aggm>.

(g) **Appointment of Proxy(ies)**

A member may obtain the Proxy Form for the 9th 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 Tricor 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 **Monday, 22 May 2023** at **11:00 a.m.**

Notice of the Ninth Annual General Meeting

cont'd

(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 **Monday, 22 May 2023 at 11:00 a.m.:-**

(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 9th 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 9th 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 NOTES B:

Resolution 1 – Directors' fees payable for the financial year ending 31 December 2023.

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 2023 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/- to RM5,000/- (case to case basis depending on subsidiary) | RM2,000/- |

Resolution 2 – Benefits payable from 25 May 2023 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.

Notice of the Ninth Annual General Meeting

cont'd

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 2023 and RM34,500 for the period from 1 January 2024 until the next AGM in year 2024. 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 9th 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:

Datuk Noor Azrin Bin Mohd Noor and Puan Norliza Binti Kamaruddin ("**Retiring Directors**") are standing for re-election as Directors of the Company.

The Board had, through the Nominating Committee ("**NC**") considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. In addition, the NC also considered the Retiring Directors' fitness and propriety with reference to the Directors' Fit & Proper Policy. Upon that, the Board endorsed the NC's recommendation on the re-election of the Retiring Directors.

The Retiring Directors, who retire in accordance with Clause 21.6 of the Company's Constitution, being eligible, have offered themselves for re-election at the 9th AGM of the Company.

EXPLANATORY NOTE D:

The performance and effectiveness of Messrs. BDO PLT had been evaluated by the Audit and Risk Management Committee ("**ARMC**"), which included an assessment of the independence and objectivity of Messrs. BDO PLT.

The ARMC, being satisfied with the performance, suitability and independence of Messrs. BDO PLT as External Auditors, had recommended to the Board that Messrs. BDO PLT be re-appointed at the 9th AGM of the Company and its remuneration be determined by the Board. The Board in turn had endorsed the ARMC's recommendation.

EXPLANATORY NOTE E:

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 9th AGM of the Company ("**General Mandate**").

The Company had obtained the mandate from the members at the last AGM held on 30 May 2022 ("**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 6, 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.

Pursuant to Section 85 of the Act read together with Clause 16.5 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Resolution 6, if passed, will exclude your pre-emptive rights to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Resolution.



SEDANIA INNOVATOR BERHAD
[Registration No. 201301044527 (1074350-A)]

| CDS Account No. (For Nominees Account only) | Total number of shares held |
|--|-----------------------------|
| | |

PROXY FORM

(Before completing this form please refer to the notes below)

*I/ We, _____ *NRIC/ Passport/ Registration No.: _____
(FULL NAME IN BLOCK LETTER)

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 Ninth 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 Wednesday, 24 May 2023 at 11:00 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 2023. | | |
| 2. | Payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors of the Company for up to RM110,500 from 25 May 2023 until the next Annual General Meeting ("AGM") of the Company. | | |
| 3. | To re-elect Datuk Noor Azrin Bin Mohd Noor as Director. | | |
| 4. | To re-elect Puan Norliza Binti Kamaruddin as Director. | | |
| 5. | 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. | | |
| 6. | 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 _____, 2023

Signature / Common Seal of Shareholder

**delete whichever is not applicable*

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 **16 May 2023** 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 9th AGM and Proxy Form on corporate website**
Pursuant to Section 320(2) of the Act, a copy of the Notice of 9th 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 9th 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 Tricor 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 **Monday, 22 May 2023 at 11:00 a.m.**

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**

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 Monday, 22 May 2023 at 11:00 a.m.:-

(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 9th 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 9th AGM – Electronic Submission of Proxy Form via TIIH Online).



SEDANIA INNOVATOR BHD

[Registration No. 20130144527 (1074350 -A)]

Level 10, Kelana Parkview Tower,
Jalan SS6/2, 47031 Petaling Jaya,
Selangor, Malaysia

P: +603 7880 2001 | F: +603 7880 6001

E: info@sedaniainnovator.com

W: www.sedaniainnovator.com