

ADVANCE SYNERGY BERHAD

20
22

ANNUAL REPORT

2022

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2022

STRATEGIC REPORT

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Five-Year Group Financial Highlights

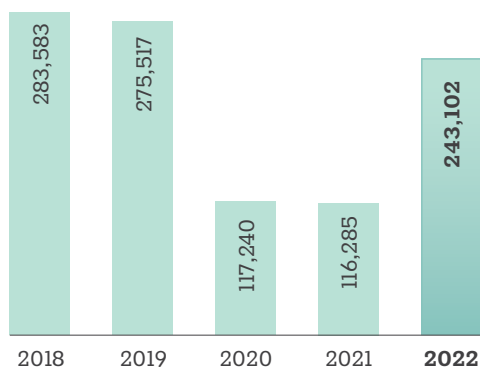
| | Year ended 31 December | | | | |
|-------------------------------------------|------------------------|----------------|----------------|----------------|-----------------|
| | 2018 RM'000 | 2019 RM'000 | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 |
| Statements of Comprehensive Income | | | | | |
| Revenue | 283,583 | 275,517 | 117,240 | 116,285 | 243,102 |
| Gross Profit | 83,879 | 86,330 | 44,946 | 45,321 | 69,512 |
| Gross Profit Margin (%) | 29.6 | 31.3 | 38.3 | 39.0 | 28.6 |
| EBITDA | 13,640 | 121,771 | (710) | 24,718 | (18,574) |
| Profit/(Loss) before tax | 347 | 95,614 | (22,536) | 2,077 | (41,260) |
| Profit/(Loss) after tax | (1,142) | 81,329 | (26,894) | (1,409) | (44,431) |
| Statements of Financial Position | | | | | |
| Total assets | 725,347 | 753,036 | 710,449 | 773,336 | 841,771 |
| Total liabilities | 238,456 | 202,268 | 187,465 | 236,150 | 270,398 |
| Shareholders' funds | 422,186 | 481,696 | 452,718 | 453,349 | 493,905 |
| Share Information | | | | | |
| Per Ordinary Share | | | | | |
| Earnings/(Loss) per share, basic (sen) | (0.54) | 8.07 | (3.30) | (1.21) | (2.94) |
| Net assets per share (sen) (Note 1) | 45.44 | 51.84 | 48.72 | 48.79 | 19.53 |
| Financial Ratios | | | | | |
| Return on equity (%) | (0.23) | 14.77 | (5.14) | (0.26) | (7.78) |
| Current ratio | 2.0 : 1 | 3.1 : 1 | 2.9 : 1 | 2.3 : 1 | 2.5 : 1 |
| Debt-Equity ratio (Note 2) | 0.30 : 1 | 0.09 : 1 | 0.11 : 1 | 0.20 : 1 | 0.24 : 1 |

Note 1 : The lower net assets per share for 2022 is mainly due to increase in the number of ordinary shares of the Company after the allotment of 1.6 billion new ordinary shares on 31 October 2022 pursuant to the Rights Issue.

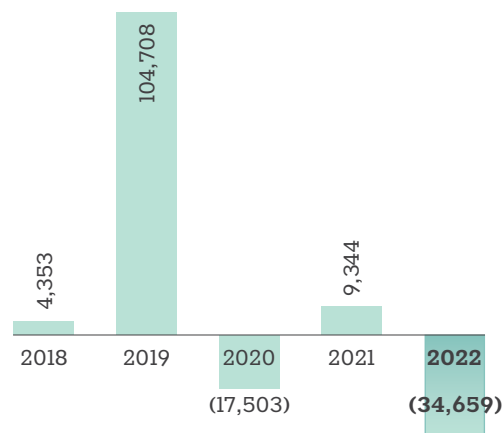
Note 2 : Debt comprises current and non-current borrowings.

REVENUE

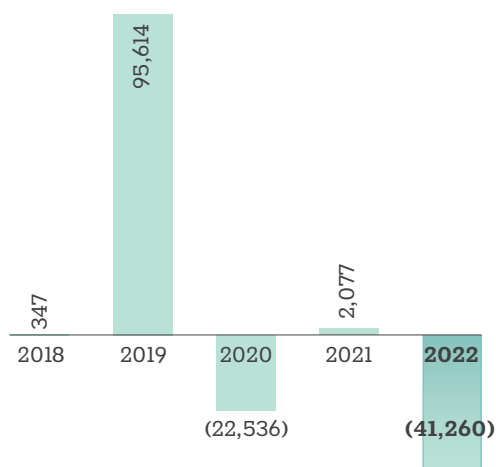
(RM'000)

**OPERATING PROFIT/(LOSS)**

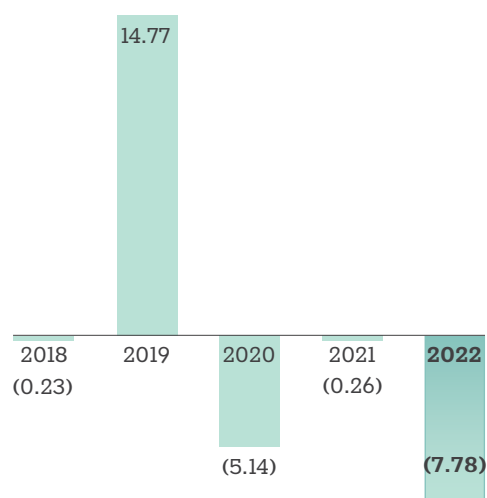
(RM'000)

**PROFIT/(LOSS) BEFORE TAX**

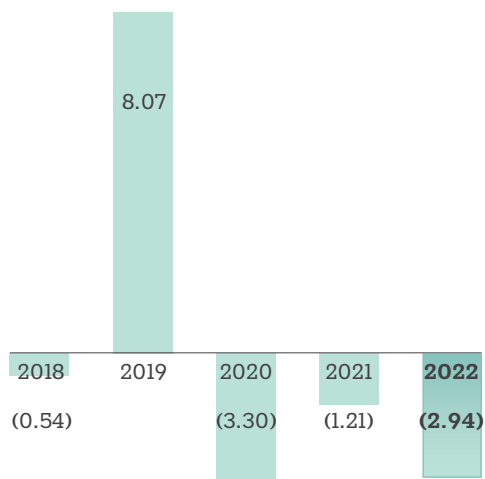
(RM'000)

**RETURN ON EQUITY**

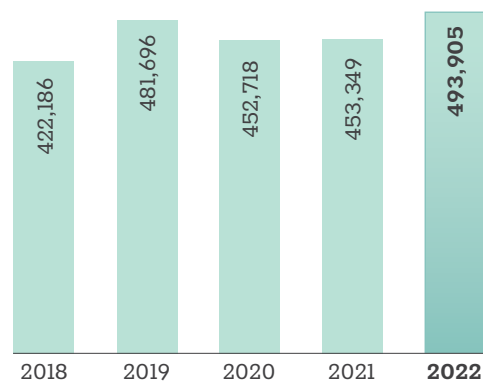
(%)

**EARNINGS/(LOSS) PER SHARE**

(Sen)

**SHAREHOLDERS' FUNDS**

(RM'000)



Chair's Statement

Dear Shareholders

I am thrilled to report that fiscal year 2022 saw a significant increase in the Group's revenue. The relaxation of COVID-19 containment measures resulted in the recovery of our hardest hit businesses, travel and hospitality, which recorded the highest growth for the Group in fiscal 2022 compared to fiscal 2021. Our cost-focused and investment-driven business strategies paid off, partly mitigating other challenges brought on by the pandemic, political conflicts, and inflationary pressures, while building on the Group's sales momentum.

Our financial results speak to our efforts. Group revenue saw a substantial increase of 109.1% to RM243.1 million in fiscal 2022. However, the Group results continued to be impacted by other income and other expenses under the accounting rules. Despite the substantial increase in revenue, the Group made a loss before tax after adjusting for impairment loss on goodwill and fair value losses on its venture investment portfolio. The opposite effect was recorded in fiscal 2021 where such exceptional items contributed to a profit before tax in fiscal 2021 when the Group recorded fair value gain on venture investment portfolio, and fair value gain on remeasurement of previously held interest in an associate and bargain purchase arising from step-up interest in an associate to a subsidiary. In fiscal 2022, the biggest impact of the fair value loss on venture investment portfolio and impairment loss on goodwill is on our Information and Communications Technology ("ICT") division which recorded a first loss before tax since fiscal 2008 compared to the substantial gain in such fair value assessments by the ICT division in fiscal 2021. Profit from ICT operations in fiscal 2022 and 2021 remained stable.

Operations wise, all divisions saw improved performance, with the exception of our Financial Services division. Of particular note, the travel and tours division achieved a remarkable turnaround, posting a profit before tax of RM3.1 million in fiscal 2022 after losses in the previous two years. To acknowledge the staff's efforts during these challenging times, a special payment was made to the travel and tours division staff in fiscal 2022.

The Financial Services division saw a recovery in its payment processing business volume, with more than double the volume of fiscal 2021. However, higher expenses incurred mainly from expansion of human resources to support the anticipated growth in transaction volumes and new payment application services coupled with lower gross margin led to a higher loss before tax. Our Property Development and Investment division is hindered by the delay in launching of its new property project, delay in the opening of the aparthotel in London and slower than expected commercial serviced office business of Yap Ah Shak House.

The property development unit aims to launch Phase 2 of the Federal Park project, comprising 88 double-storey terrace houses and 28 single-storey terrace houses, in fiscal 2023 and has already begun development works. Another Group property in Earls Court, London, an aparthotel with studio and 1, 2, and 3-bedroom apartments, is expected to become operational in fiscal 2023 and we look forward to their contributions. Yap Ah Shak House which did not meet the revenue expectation after its opening in January 2022 due to the lingering impact of COVID-19 pandemic on the market for commercial office space is undergoing a review and revamp in the operations to address the current market situation. We are targeting for Yap Ah Shak House to be operational under the new business roadmap in second half of fiscal 2023.

In view of the overall improvement in trading conditions, the Group geared up its operations in anticipation of the improved demand in the near future and to normalise the operations after the costs containment measures implemented during the COVID-19 pandemic. Thus, even after excluding the exceptional loss items, the Group still made a loss in fiscal 2022 despite the improvement in revenue mainly due to increased expenses including the expenses incurred from our corporate exercise in fiscal 2022 namely, the rights issue and share grant scheme ("SGS") to employees coupled with certain loss making subsidiaries which have yet to launch their new businesses or projects. Our other loss making divisions have made much progress during the year from the substantial increase in revenue in fiscal 2022 compared to fiscal 2021 namely, an increase of:- Hospitality - 85.1%, Financial Services - 124.2%, Bus-body Fabrication - 181.4%. We are cautiously optimistic that these divisions will continue with its revenue momentum.

To further strengthen the Group, in fiscal 2022, we raised capital via a rights issue, with 66.5% of the proceeds to be used for business expansion and development plans, such as the Financial Services division's new roadmap, the Property Development division's new launch, and improvements to the bus-body fabrication business and Holiday Villa Beach Resort & Spa Cherating facilities.

Fiscal year 2023 marks a key milestone for the Group as we aim to utilise the rights issue proceeds to grow and turnaround our businesses. To do so, we are fully committed to our human resources, recognising their critical role in the Group's resilience and success. To invest in our people, we shall implement our SGS in the coming years to reward employees taking into consideration factors which may include seniority, position, job performance, duration of service and potential for future contribution and development as we believe this will foster engagement, productivity, and long-term performance. To attract, reward and retain talents whilst conserving cash, this scheme is an excellent alternative to rewarding employees through salary increments or bonuses or paying high salaries. There is potential for the shares to increase in value as long as the Group does well.

The Group is also dedicated to ensuring that our business practices and corporate governance yield sustainable growth and value for all stakeholders. Our sustainability framework is built around three pillars: sustaining growth, empowering lives, and nurturing communities.

Moving forward, the outlook for fiscal 2023 remains uncertain with external hurdles such as inflationary pressures, economic weakening in the major global economies, and the continuing impact of the conflict in Ukraine. However, the Group remains agile and ready to adapt as needed to ensure continued growth and success.

BOARD AND COMMITTEE CHANGES

I would like to announce the following changes to our Board and Committees. Our independent and non-executive director, Mr. Yong Teck Ming, has retired as Chairman of the Audit Committee after serving the Board for over 15 years. I would like to express my and the Board's gratitude for Teck Ming's valuable contributions and leadership in the Audit Committee. In light of his performance and contribution, the Board has decided to retain him as a non-executive non-independent director.

We welcome Mr. Chim Wai Khuan to the Board as our independent non-executive director and Chair of the Audit Committee. Wai Khuan brings a wealth of experience in audit, strategic planning, and corporate finance and the Board believes that he will bring new perspectives and provide invaluable guidance to the Group.

Our independent non-executive director, Ms Kam Kin Foong, due to personal reasons, resigned from the Board on 7 April 2023. I, on behalf of the Board, sincerely thank her for her invaluable contribution and wish her the best in her future endeavours. Replacing Kin Foong as independent non-executive director on the Board is Datuk Hardew Kaur Hazar Singh. We welcome Datuk Hardew to the Board and to join our Board Committees. Datuk Hardew brings with her extensive professional experience which adds value to our Board diversity of skills, experience and background.

BOARD AND COMMITTEE CHANGES (continued)

In line with our strong commitment to sustainability matters, we have added a new role to the Risk Management Committee. The Committee will now be known as the Risk Management and Sustainability Committee and will be headed by our independent non-executive director, Mr. Rali Mohd Nor. This change will provide oversight to our sustainability efforts and ensure that our Group remains committed to sustainability as a core part of our business strategy.

DIVIDEND

The Board is pleased to recommend to our shareholders a single-tier dividend of 0.1 sen per ordinary share for the fiscal year 2022. This reflects our commitment to maintain our long track record of paying dividends. With the increase in share capital after the Rights Issue, the dividend rate is lower than last year in order to maintain the cash outflow to the Company. The decision to reduce the dividend rate per share is made with a view towards preserving cash resources which is needed to execute our new roadmap and growth strategies. The Board believes that this approach will best support the long-term interests of our shareholders and the sustainable growth of the Group.

APPRECIATION

The Board and I would like to extend our sincerest gratitude to all our stakeholders who have supported us throughout the year. To our shareholders, we thank you for your trust and confidence in the Group. Your support has been instrumental in our success and we remain committed to maximising value for all our shareholders.

We also appreciate the guidance provided by the regulatory authorities, who have helped us navigate the challenges and uncertainties of the past year.

In conclusion, I would like to thank our employees, customers, partners and shareholders for their continued support and trust in Advance Synergy Berhad. I am confident that, with their support, we will continue to achieve our goals and deliver strong results in the years to come.

DATO' AHMAD SEBI BAKAR

Group Chair

28 April 2023

Performance Review

With the continued relaxation of COVID-19 restrictions on business operations and social activities, our Group recorded higher revenue of RM243.1 million for the year as compared to RM116.3 million in the previous year. Group total assets amounted to RM841.8 million and our shareholders' funds stood at RM493.9 million as at 31 December 2022 compared to RM773.3 million and RM453.3 million respectively as at 31 December 2021.

HIGHER REVENUE

Compared to fiscal 2021, there was a significant increase of revenue by RM126.8 million with the Group recording total revenue of RM243.1 million compared to RM116.3 million for fiscal 2021. All divisions recorded higher revenue compared to last year. The biggest contributor to the Group's revenue in fiscal 2022 was the travel and tours division, which achieved revenue of RM116.5 million, higher by RM101.0 million, mainly driven by high demands from travellers.

For the property development and investment division, the hospitality unit also benefited from the easing of travel restrictions. With higher occupancy and higher average room rates, the unit recorded higher revenue for fiscal 2022 (2022: RM27.4 million, 2021: RM14.8 million). The improved revenue from hospitality unit was partly offset by no revenue recorded from the property development unit due to delays in launching of new projects.

The investment property, Synergy 9 in Temasya Glenmarie, continued to generate rental income. Synergy 9 houses the corporate office of ASB and operational headquarters of several subsidiaries of ASB with a small portion of the area rented to a third party. Thus rental income from Synergy 9 had minimal impact to the Group's revenue in fiscal 2022 and 2021. Another investment property of the division, Yap Ah Shak House in Kuala Lumpur, started operation in fiscal 2022 but generated minimal income from the serviced offices businesses as the rental market for commercial offices remained soft. However, the opposite is experienced by our food and beverage ("F&B") business under the restaurant, Osteria Gamberoni ("OG"). Similarly to the travel and hospitality industries, the F&B sector also experienced a rebound in business as COVID-19 related travel restrictions and social limitation were eased.

HIGHER REVENUE (continued)

The Information and Communications Technology (“ICT”) division recorded a slightly lower revenue in fiscal 2022 compared to fiscal 2021 in its functional currency, Singapore Dollar (“SGD”). The decline in revenue was mainly attributable to lower revenue from system sale contracts recorded by both GlobeOSS and Unifiedcomms business units. However, with higher SGD to Ringgit Malaysia (“RM”) exchange rate in fiscal 2022 compared to lower exchange rate in fiscal 2021, the division recorded a higher revenue of RM74.4 million in fiscal 2022 compared to RM73.6 million in fiscal 2021.

With many markets returning to pre-pandemic level of operations, our financial services division also recorded higher merchant sales transactions in fiscal 2022 resulting in higher revenue of RM4.4 million compared to RM2.0 million in fiscal 2021.

The “Others” division performed better in fiscal 2022 with higher revenue of RM14.1 million compared to fiscal 2021 of RM5.1 million as our bus-body fabrication unit ramped up its operations in fiscal 2022 with the export of 48 buses to Australia. Contribution of revenue from the education unit was minimal as the business continued to suffer despite efforts made for recruitment of new students in fiscal 2022.

HIGHER GROSS PROFIT BUT LOWER GROSS PROFIT MARGIN

With higher revenue in the current year, the Group recorded higher gross profit of RM69.5 million compared to RM45.3 million in fiscal 2021, an increase of RM24.2 million. However, the gross profit margin for the Group declined

to 28.6% this year compared to 39.0% in fiscal 2021 due to higher proportionate contribution from the travel and tours division which generally generated a much lower gross profit margin as compared to the other divisions.

LOWER OTHER INCOME AND HIGHER OPERATING EXPENSES

Lower other income for fiscal 2022 was mainly due to absence of the disposal gain arising from the hotel management services contracts of RM7.0 million, the fair value gain of RM15.8 million and bargain purchase of RM5.0 million arising from step-up of interest in an associate to subsidiary, and fair value gain of RM6.7 million on unquoted investment securities, which were recorded in fiscal 2021.

Our Group’s operating expenses, mainly distribution and administration costs, totalled RM56.8 million, an increase of RM13.2 million from RM43.6 million in fiscal 2021. The increase in operating expenses in fiscal 2022 was mainly due to higher staff cost, professional fee incurred during the year (mainly from the corporate exercise comprising Rights Issue and SGS), and return to pre-COVID-19 pandemic level of expenses.

The increase of other operating expenses from RM35.4 million in fiscal 2021 to RM55.2 million this fiscal year was mainly due to higher impairment loss recognised for goodwill (2022: RM9.0 million, 2021: RM2.8 million) and fair value loss on unquoted investment securities of RM11.6 million in the current year under review (2021: NIL).

MIXED FINANCIAL PERFORMANCE FOR THE DIVISIONS

In fiscal 2022, with the exception of Travel and Tours and Investment Holding divisions which recorded profit before tax, all the other divisions have suffered loss although these divisions, other than ICT and Financial Services, managed to reduce losses for fiscal 2022 as they grew their revenue.

The strong growth in revenue for the Travel and Tours division resulted in a contribution of RM3.1 million profit before tax to the Group in fiscal 2022 as compared to RM0.9 million loss before tax in the prior year.

Our Investment Holding division showed a lower profit before tax in fiscal 2022 as compared to prior year (2022: RM1.3 million, 2021: RM4.9 million).

The ICT division recorded a loss before tax of RM8.1 million for fiscal 2022 as opposed to a profit before tax of RM31.9 million in the prior year. This was mainly due to the significantly lower other income coupled with the significantly higher other operating expenses for the current year. In fiscal 2021, the division recorded a fair value gain of RM13.7 million and bargain purchase of RM5.0 million arising from step-up of interest in an associate to subsidiary, and fair value gain of RM6.1 million on its unquoted investment securities which was not repeated in fiscal 2022. Instead, in fiscal 2022, the division had higher other operating expenses compared to the prior year resulting mainly from the fair value loss of RM6.6 million on its unquoted investment securities and impairment loss on goodwill of RM9.0 million.

The impairment loss on goodwill was mainly due to the impact of a higher discount rate applied to the projected cash flows of part of the division's Unifiedcomms business, a cash-generating unit of the division. Had the same discount rate used in the valuation in fiscal 2021 been applied to the valuation in fiscal 2022, no impairment loss would have been recognised in fiscal 2022. The challenging environment for several of the division's venture investment portfolio gave rise to the fair value loss of RM6.6 million on its unquoted investment securities which was in stark contrast to the substantial fair value gains recorded in fiscal 2021.

The property development and investment division reported a lower loss before tax of RM10.9 million in fiscal 2022 compared to loss before tax of RM11.8 million in fiscal 2021. Its property investment unit performed better cutting its loss before tax whereas the property development unit recorded higher loss before tax primarily due to delays in launching of new projects which led to no revenue being recorded in fiscal 2022 compared to revenue of RM3.4 million in fiscal 2021.

The property investment unit which comprises the hospitality, food & beverage ("F&B"), property investment and serviced office businesses, recorded lower loss before tax in fiscal 2022 compared to the prior year due to the flow-down effect of higher revenue in the fiscal 2022. In fiscal 2021, there was a gain on disposal of hotel management services contracts of RM7.0 million. Even after including the gain on such disposal, the unit managed to narrow its loss in fiscal 2022 mainly due to the much improved results of the hospitality unit. Our hospitality unit performed better in fiscal 2022 with higher revenue across all its three hotels hence reducing its loss before tax in fiscal 2022.

MIXED FINANCIAL PERFORMANCE FOR THE DIVISIONS (continued)

The Financial Services division recorded higher loss before tax of RM6.8 million in fiscal 2022 compared to loss before tax of RM5.6 million in fiscal 2021 despite the higher revenue mainly due to higher operating expenses. Operating expenses increased significantly as the division geared up its operations to prepare for the anticipated improved trading conditions in the immediate future.

The Others division, consisting of bus-body fabrication and education units, reported lower total loss before tax of RM2.4 million compared to the loss before tax of RM6.6 million in fiscal 2021. The substantial reduction in loss before tax in the Others division was mainly due to effect of higher revenue generated by the bus-body fabrication unit during the year.

LOWER INCOME TAX

Group income tax expense was comparable to the prior year despite having a loss before tax in fiscal 2022 as opposed to profit before tax in the previous year. This is mainly due to the impairment loss recognised for goodwill (RM9.0 million) and the fair value loss on unquoted investment securities (RM11.6 million) recorded in the year under review which are not deductible for taxation purpose. The bulk of Group income tax expense in fiscal 2022 was attributable to the income tax expenses of the ICT, Property Development and Investment divisions of RM2.3 million and RM0.5 million respectively.

INCREASE IN TOTAL ASSETS

As at 31 December 2022, total assets of the Group increased by 8.8% to RM841.8 million (2021: RM773.3 million) arising from the increase in both non-current assets (2022: RM519.4 million, 2021: RM513.3 million) and current assets (2022: RM322.4 million, 2021: RM260.0 million).

The major movements in the assets of the Group for fiscal 2022 can be summarised as follows:

- 1) The increase in property, plant & equipment (“PPE”) by RM6.9 million attributable mainly to the additions to PPE by property development and investment division totalling RM18.6 million, partly offset by depreciation charges of RM8.0 million during the year and foreign exchange translation loss of RM3.7 million;
- 2) The increase in right-of-use assets by RM25.1 million mainly due to the addition of a leasehold land and building of RM33.0 million, partly offset by the depreciation charges of RM7.2 million during the year;
- 3) The reduction in intangible assets by RM8.8 million mainly due to the impairment loss on goodwill of RM9.0 million during the year;
- 4) The decrease in investment securities (non-current) by RM14.1 million mainly due to impairment loss of RM11.6 million on unquoted investment securities recognised during the year;
- 5) Trade and other receivables and other assets increased by RM17.2 million from RM89.2 million in fiscal year 2021 to RM106.4 million in fiscal year 2022 as all divisions reported an increase except for property development and investment division; and
- 6) The increase in cash and bank balances and short-term deposits by RM48.4 million.

INCREASE IN LIABILITIES

Total liabilities of the Group increased from RM236.2 million in fiscal 2021 to RM270.4 million in fiscal 2022, an increase of RM34.2 million.

The increase in the total liabilities of the Group was mainly due to increase in net drawdown of borrowings (term loans and revolving credit) amounting to RM32.5 million. The increase in net borrowings was mainly due to investments made in line with the growth opportunities of the businesses which were partly funded by bank borrowings. During the year, our Property Investment unit increase its borrowings to invest in a factory lot in Subang presently occupied by our bus fabrication unit, Aviva Master Coach Technology Sdn Bhd (“Aviva”), coupled with the additional term loan drawdown by the hospitality unit for the renovation of the property in Earls Court, London.

INCREASE IN GROUP EQUITY AND DECREASE IN LOSS PER SHARE

The Group increased its equity by raising RM80.0 million from the rights issue during fiscal 2022. However, the increase in equity was partly offset by the Group’s current year total comprehensive loss of RM44.9 million which was made up of loss after tax of RM44.4 million and other comprehensive loss of RM0.5 million resulting in the Group’s total equity increasing from RM537.2 million in fiscal 2021 to RM571.4 million in fiscal 2022.

In the current fiscal year, the Group recorded a higher loss after tax and non-controlling interest of RM35.3 million compared to the loss after tax and non-controlling interest

of RM11.3 million in fiscal 2021 leading to a higher loss per share of 2.94 sen (2021: loss per share was 1.21 sen).

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Although the division’s GlobeOSS and Unifiedcomms businesses saw a decline in their revenue performance compared to the year before, this wasn’t the main contributor to the division’s loss for the year. The sharp increase in interest rates across South-East Asia (“SEA”), Europe and in the United States of America had significantly impacted the value of the division’s business expected cash flows and also the valuation of certain Captii Ventures’ investment portfolio. The impact of both these non-cash fair value and goodwill impairment losses of almost RM15.6 million combined, had more than offset the profits from the division’s business operations.

The division comprises three main segments namely Unifiedcomms, GlobeOSS and Captii Ventures. Unifiedcomms continued to address mobile network operators and integrated telecoms service providers with application and platform software, turnkey solutions and systems and a variety of professional and managed services. In 2016, a unit within Unifiedcomms called PostPay was revitalised into a fresh start-up and given prominence as part of a wider reorganisation of the Unifiedcomms business. PostPay focuses mainly on providing advanced solutions for prepaid credit on a managed service model. GlobeOSS meanwhile, has developed into Malaysia’s leading systems integration and solution provider in the field of telecoms big data and analytics. Captii Ventures, the venture investment arm of the division, on the other hand focuses primarily on the SEA market for start-up investment opportunities.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (continued)

The division recorded consolidated revenue of SGD23.2 million (RM74.4 million) for fiscal 2022, a slight decrease of 2.6% as compared to the SGD23.9 million (RM73.6 million) achieved in fiscal 2021. The higher revenue in RM denomination for fiscal 2022 compared to fiscal 2021 was due to higher SGD to RM exchange rate used in translating the revenue for fiscal 2022 compared to the SGD to RM exchange rate used for fiscal 2021. Both GlobeOSS and Unifiedcomms businesses recorded a marginal decline in revenue against their fiscal 2021 revenue of 4.2% and 1.7% respectively mainly attributable to the decline in system sale contract revenues partly offset by improved managed service revenues generated by Unifiedcomms.

In line with the lower consolidated revenue of SGD23.2 million for fiscal 2022, 2.6% lower than fiscal 2021 revenue, absolute gross profit recorded for the year was lower compared to fiscal 2021. The division's gross profit for fiscal 2022 was SGD11.3 million, down by 2.8% against what was recorded in fiscal 2021. The magnitude of decline in gross profit was marginally higher than that of revenue as a result of the less favourable sale mix recorded in fiscal 2022. Gross profit margin earned on the division's revenue was marginally lower this year at 48.6% compared to 48.7% achieved the year before.

Managed service contract average gross profit margin decreased to 44.0% in fiscal 2022 as compared to 44.3% achieved in fiscal 2021. This was primarily due to higher third-party costs on certain Unifiedcomms managed service contracts. Meanwhile, gross profit margin earned on system sales contract revenues improved to 61.2% in fiscal 2022 (2021: 59.4%),

primarily due to the lower relative contribution of GlobeOSS to system sale contract revenues of the division as compared to fiscal 2021 as system sale contract revenues of GlobeOSS generally yield lower gross profit margin as a result of its typically higher third party costs.

The sales mix of the division in fiscal 2022 continued to show greater than fifty percent of the division's revenue being generated from managed service contracts. Due to the decline in system sale contract revenues, this year's managed service contract revenues accounted for 73.1% of division's revenue, up from 70.7% recorded in 2021.

After translating the net loss/profit in SGD to RM, the division recorded a net loss for the year of RM10.4 million, in contrast with the net profit of RM29.3 million achieved in fiscal 2021. In fiscal 2021 the division recorded a substantial fair value gain on the remeasurement of the division's previously held interest in OOPA Pte Ltd ("OOPA"), bargain purchase arising on the step-up interest on the acquisition of OOPA and fair value gain on the Captii Ventures investment portfolio.

These exceptional gains in fiscal 2021 amounting to RM24.8 million had no cash impact on the business. In contrast with the large exceptional gains of fiscal 2021, in fiscal 2022 the division had impairment loss on goodwill and fair value losses on the Captii Ventures investment portfolio totalling RM15.6 million. The impairment loss on goodwill this year amounting to RM9.0 million was mainly due to the impact of a significantly higher discount rate being applied to the future cash flows of part of Unifiedcomms business, which was in turn, precipitated by the spike in benchmark interest rates in the division home region and around the world.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (continued)

The challenging environment for business and market valuations for several Captii Ventures investees had also resulted in a significant decline in the fair value of the division's venture investment portfolio this year which gave rise to the fair value loss of RM6.6 million in fiscal 2022, in stark contrast to the substantial gains recorded in fiscal 2021.

When the bottom line numbers are examined more closely, to exclude exceptional, non-cash gains and losses such as the fair value gain and bargain purchase enjoyed on the acquisition of OOPA, those to do with fair value movements of the other Captii Ventures portfolio investments, and any impairment loss on goodwill, the profit performance of Unifiedcomms and GlobeOSS is made more apparent. The net profit generated by Unifiedcomms and GlobeOSS businesses after excluding such exceptional non-cash items and after translating the net profit from SGD to RM, increased from RM4.5 million in fiscal 2021 to RM5.2 million in fiscal 2022.

PROPERTY DEVELOPMENT AND INVESTMENT DIVISION

The property development and investment division recorded higher revenue of RM35.4 million compared to RM21.6 million in fiscal 2021. The bulk of the increase was from the hospitality unit.

Property Development

There was no revenue generated by our property development unit represented by Advance Synergy Realty Sdn Bhd ("ASR") for

fiscal 2022, a significant decline in revenue compared to the revenue of RM3.4 million in fiscal 2021 as there were no new property units for sale. With no revenue generated for the current year, the unit recorded higher loss before tax compared to the prior year.

The year 2023 will be a new beginning for ASR as it targets to launch Phase 2 of the Federal Park project in the second half of fiscal 2023.

Property Investment

The decline in revenue of the property development unit was reversed by improvement in revenue of the property investment unit namely, revenue from ASR's subsidiaries, Temasya House Sdn Bhd ("THSB"), Yap Ah Shak House Sdn Bhd and Osteria Gamberoni Sdn Bhd ("OGSB").

Yap Ah Shak House in Kuala Lumpur, a detached commercial five (5)-storey building in which the Group owns a 70% interest, had completed its renovations and refurbishment works in 2021. It had successfully turned Yap Ah Shak House into a high quality mixed-use property comprising serviced offices, meeting facilities, an event hall as well as two floors of food and beverage operations. Operation and management of the serviced offices, meeting facilities, event hall and food and beverage venues at Yap Ah Shak House are internalised and undertaken by subsidiaries of ASB.

This mixed-use investment property of the Group in the heart of Kuala Lumpur, Malaysia was fully operational in 2022. Unfortunately, the serviced office business did not take off as expected due to the lingering adverse impact of COVID-19 pandemic.

PROPERTY DEVELOPMENT AND INVESTMENT DIVISION (continued)

Property Investment (continued)

OGSB which operates the restaurant, Osteria Gamberoni, performed better in fiscal 2022 with the easing of travel and social restrictions imposed during the COVID-19 pandemic and as the country moved into the endemic phase.

As for our other investment property, Synergy 9 in Temasya Glenmarie, Shah Alam which is operated by THSB, it is mainly to house the corporate office of ASB and operations of several subsidiaries of ASB since October 2020. Hence rental income derived from Synergy 9 had no significant impact to the Group revenue in fiscal 2022 and 2021 except for a small area rented to a party not within the Group.

For the property investment unit, despite having higher revenue in the current year under review compared to fiscal 2021, comparable loss before tax was recorded for both years mainly due to higher operating costs incurred in the current year.

Hospitality

Since the relaxation of travel restriction in the early part of fiscal 2022, the unit has performed better compared to last year with higher revenue of RM27.4 million compared to last year's revenue of RM14.8 million, an increase of RM12.6 million. The higher revenue in fiscal 2022 was partly offset by no hotel management fee income after the disposal of hotel management services contracts in late fiscal 2021.

The higher revenue in the three hotels, Holiday Villa Beach Resort & Spa Langkawi, Holiday Villa Beach Resort & Spa Cherating and Holiday Villa Hotel & Residence Shanghai Jiading P.R.C., in fiscal 2022 coupled with lower finance costs resulted in the hospitality unit cutting its loss before tax to RM6.8 million against RM8.8 million in fiscal 2021. This was achieved despite the higher other operating income generated from the gain on disposal of hotel management services contracts of RM7.0 million in fiscal 2021.

TRAVEL AND TOURS DIVISION

Travel and Tours division has successfully positioned itself as a corporate ticketing provider in the travel industry to cater to the needs of corporate companies in Klang Valley and Kuantan. The division is also successful with its focus in the group travel business. Thus, with the re-opening and relaxation in travelling restrictions of some international destinations for tourists, the performance of the division improved significantly in fiscal 2022 with substantially higher revenue of RM116.5 million compared to RM15.5 million in fiscal 2021, an increase of RM101.0 million or approximately 651.6%. The increased revenue was tremendous with the division recording a profit before tax of RM3.1 million in fiscal 2022 compared to loss before tax of RM0.9 million in fiscal 2021.

FINANCIAL SERVICES DIVISION

The financial services division comprises Paydee Sdn Bhd (“Paydee”), card and payment services business and Qurex Sdn Bhd (“Qurex”), money services business. Paydee is an issuer and acquirer licensed by Bank Negara Malaysia (BNM), and a principal licensee of MasterCard Worldwide and Visa International. Qurex meanwhile provides foreign currency exchange and cross border remittance services.

The emergence of COVID-19 in fiscal 2020 brought significant economic uncertainty in Malaysia and the markets in which Paydee and Qurex operate.

Against this backdrop, Paydee launched an improved e-commerce payment acceptance service in fiscal 2021. The operating environment for Paydee’s existing payment application services continues to be challenging in terms of technology, competition from banks and other non-bank acquirers and also the economic uncertainty for certain merchant segments brought about by the lingering pandemic.

Paydee has since initiated the process of evolving its operations, technologies and application services to better address the enormous opportunity for innovation in the SME market for B2B payments through the development of the mobile digital payment and cashflow management application services (referred to as “New Payment Application Services” or “NPAS”).

Paydee reported higher revenue of RM4.4 million in fiscal 2022, an increase of RM2.4

million or 122.4% compared to RM2.0 million in fiscal 2021. For fiscal 2022, Paydee reported a higher loss before tax of RM6.6 million, an increase of RM1.2 million or 22.7% compared to RM5.4 million in fiscal 2021. The higher loss before tax despite the higher revenue was mainly due to higher operating expenses in payroll and technology costs resulting from the expansion of human resources to develop and operate the NPAS.

Qurex reported minimal revenue in both fiscal years 2022 and 2021 with only one outlet operating. Hence for both fiscal years 2022 and 2021, Qurex continued to report loss before tax although this had improved from a loss before tax of RM216,000 in fiscal 2021 to RM185,000 in fiscal 2022 mainly attributable to the higher revenue in fiscal 2022.

OTHERS DIVISION

The Others division comprises the bus-body fabrication and education businesses of the Group. Total revenue generated by this division was higher by RM9.0 million at RM14.1 million compared to RM5.1 million in fiscal 2021. With the higher revenue achieved in fiscal 2022, the division recorded a lower loss before tax compared to the loss in fiscal 2021 (2022: RM2.4 million 2021: RM6.6 million).

Our bus-body fabrication unit recorded higher revenue of RM13.9 million in fiscal 2022 compared to RM4.9 million in fiscal 2021. In fiscal 2022, the unit completed and exported 48 buses to Australia compared to 23 units exported in fiscal 2021. Lower loss before tax of RM1.7 million was recorded for the current year compared to loss before tax of RM6.1 million in the prior year mainly due to the higher revenue in fiscal 2022.

OTHERS DIVISION (continued)

Despite the challenges posed by the COVID-19 pandemic, our education unit was able to navigate through the storm and seized new growth opportunities. With the opening of international and Malaysian borders, physical classes began to gain traction. The unit started the year 2022 anticipating the return of international and local students for academic language and corporate training programs at our centre.

However, revenue continued to lag compared to the efforts made by the unit in its recruitment of students whilst the corporate training business continued to be soft due to the lingering effects of the COVID-19 pandemic. As a result, the unit's revenue in fiscal 2022 and 2021 were minimal whilst it recorded a higher loss before tax of RM0.7 million in fiscal 2022 compared to a loss of RM0.5 million in the previous year as it geared up with higher marketing and administrative expenses in fiscal 2022 compared to the year before.

The Year Ahead...

Malaysia's economic recovery is expected to continue as we enter fiscal 2023. Positive statements from Bank Negara Malaysia that Malaysian economy is forecasted to expand between 4% and 5% in fiscal 2023 are extremely encouraging for the businesses of the Group. However, with ongoing inflationary pressures, uncertainties and disruptions in supply chains and challenges of post COVID-19 pandemic, the successful execution of our business development plans, remains critical.

Our financial performance for fiscal 2022 in terms of revenue was strong as the Group delivered a revenue growth rate of 109.1% over the previous year. The Group will closely monitor the global economic trends to ensure that the Group continues to build on the momentum of such revenue growth and be resilient through the economic cycle.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The risk and uncertainty of the economy going into recession due to geo-political tensions, supply chain disruption, and rising inflation and interest rates, especially in the division's regions of focus, have weighed on the management's minds when considering the outlook for the next twelve months.

The operations of Unifiedcomms and GlobeOSS in fiscal 2022 had been minimally impacted by geo-political tensions and supply chain disruption. However, Unifiedcomms' weighted average cost of capital (otherwise the discount rate applied to future cash flows), which is relevant to the valuation of our business, had increased significantly due to significant hikes in benchmark interest rates. In fiscal 2022, the valuation of Unifiedcomms as a cash-generating unit was significantly affected by this adverse macroeconomic development. As a result, an impairment loss on goodwill of RM9.0 million in relation to this business was provided and reflected in fiscal 2022, though this impairment loss has no cash flow impact to the division.

On the business front, both Unifiedcomms and GlobeOSS contracts in-hand continue to be progressed and management of the division is hopeful that new projects and initiatives requiring its products and services will continue to be pursued by customers. The possibility remains however, that larger system sale contracts that have yet to be committed in the fiscal year under review, may be further deferred, or even abandoned entirely if macroeconomic and industry conditions worsen or do not improve significantly enough.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (continued)

At Captii Ventures, the division's venture investment business, the climate for business development and funding continues to be challenging for start-ups in certain industries. Such a challenging environment for business operations and market valuations for some of its investees had resulted in a substantial reduction in the fair value of Captii Ventures' investment portfolio, translating to a fair value loss of RM6.6 million in fiscal 2022. On a more positive note, the division had successfully materialised certain unrealised fair value gains recorded in prior years by exiting from two venture investments. As a result of these exits, disposal proceeds of RM7.9 million were received and are reflected in the consolidated statements of cash flows for fiscal 2022.

Against this negative but improving macroeconomic backdrop for the future, the division remains optimistic and will continue to work closely with customers and investees, to minimise the negative impact of economic uncertainty on the financial performance.

FINANCIAL SERVICES

The division comprising Paydee which is engaged in card and payment services, and Qurex which is involved in money services, conducted a strategic review of their businesses in fiscal 2021. Pursuant to this strategic review, Paydee, had in fiscal 2022, focused on the development and establishment of its NPAS. This involved the recruitment of additional staff to design, develop, operate and manage the NPAS as well as efforts to identify and evaluate opportunities for business collaboration.

Under its newly conceived product roadmap for both payment acquiring and card issuing, Paydee has initiated the process of evolving its operations, technologies and application services. It will continuously invest in technology/infrastructure renewal and the development of new capabilities to deliver innovative NPAS to address SME business segments, as well as to be the non-bank partner of choice for payment facilitators.

The focus for Qurex would be to grow its B2B international payment and remittance services and to explore opportunities to generate new sources of income and sustainable avenues for growth. Qurex intends to synergise with Paydee for its growth plan and pending the full implementation of the new roadmap, Qurex does not anticipate its existing businesses to grow substantially in fiscal 2023.

TRAVEL AND TOURS

The COVID-19 pandemic not only had a significant impact on public health, it also severely affected one of the linchpins of the global economy – the tourism industry. As many countries introduced curfews and travel restriction to contain the spread of the virus, travel across the world significantly declined since early 2020 onwards.

TRAVEL AND TOURS (continued)

With the re-opening of countries' borders and relaxation in travelling restrictions, the division recorded significantly improved performance in fiscal 2022. The division's performance in fiscal 2023 depends very much on the continued easing of travel restrictions although the rising inflation resulting in higher travel costs and geopolitics concerns may dampen the growth of travel industry.

To meet the challenges of new trends, the division's business plan is not only to focus on its existing wholesale business market segment for ticketing sales and group series tours or its corporate ticketing sales and company incentive groups. The division is also exploring to work closely with its travel partners to develop more competitive inbound and outbound travel products. The world after COVID-19 pandemic is unlikely to return to the world that it was. The development of inbound and outbound leisure products to be more attractive have changed since the pandemic.

PROPERTY DEVELOPMENT AND INVESTMENT**(i) Development : New Launches**

The year 2023 will mark a new beginning for the division as Phase 2 of the Federal Park project comprising 88 units of double-storey terrace houses and 28 units of single-storey terrace houses is underway and is expected to generate a total revenue of RM59.7 million with targeted sales of 60% by end of 2023. This will be followed by the launching of Sejajak project with a revised estimated gross development value of RM75.0 million and comprising 88 units of double-storey terrace houses, 80 units of townhouses and 40 units of single-terrace houses in 2024.

These two new projects is expected to generate a total gross development value in excess of RM134.7 million.

Although the division expects the property market in Kuching to remain soft due to the negative impact of the pandemic crisis and stringent financing requirements in fiscal 2023, with affordable pricing for its development properties, the division is confident of the marketability of the two projects. The division will also continue to improve its product quality and customer service to maintain its position as one of the most reputable developers in Kuching.

(ii) Investment : Hospitality & Services

With the transition to endemic phase in Malaysia, the hospitality unit is hopeful that more travel restrictions will be relaxed which will allow the hospitality business an opportunity for a gradual recovery. The good news is, effective from 8 January 2023, China has lifted its pandemic restrictions on foreign travel, ending quarantine requirements for inbound travellers thus ending its three years of self-imposed isolation.

PROPERTY DEVELOPMENT AND INVESTMENT (continued)**(ii) Investment : Hospitality & Services** (continued)

The hospitality unit is looking forward to the continued improved performance of Holiday Villa Beach Resort & Spa Cherating after the completion of its new facilities (such as a new thematic pool specially designed for corporate team-building activities and a children fun pool for family) and upgrading works for guestrooms and toilets since 2020. Holiday Villa Beach Resort & Spa Cherating performed well when travel restrictions were relaxed with an upsurge in demand from the local tourists and this trend is expected to continue barring unforeseen circumstances. With expectation of more international tourists into Malaysia, we look forward to a stronger trading recovery in fiscal 2023 for Holiday Villa Beach Resort & Spa Langkawi. Both our hotels in Langkawi and Cherating showed improved performance in early 2023 compared to the same period last year.

Our aparthotel in Earls Court, London is entering the fit-out stage and is expected to be operational in early July 2023. 2022 saw the rebound in demand for UK hotels which may however face some uncertainties in 2023 due to external headwinds impacting consumer confidence coupled with rising operational costs, staffing shortages and supply chain disruption. However, we are cautiously optimistic that the London hospitality market will be resilient as we can see the swift post-pandemic rebound and influx of international visitors to London.

Holiday Villa Hotel & Residence Shanghai Jiading P.R.C.'s business showed an upward trend at the start of 2022 but it faced a setback from March 2022 due to a surge of the COVID-19 cases in China, which led to the imposition of strict lockdown measures in several cities, including Shanghai. With the relaxation of pandemic restrictions in China, we are hopeful that Holiday Villa Hotel & Residence Shanghai Jiading P.R.C.'s performance will improve in fiscal 2023 compared to last year.

For fiscal 2023, we remain cautious on the hospitality industry's recovery due to external pressures which may prolong the recovery to pre-pandemic level as lingering effects of COVID-19 pandemic besides continuing pressure from rising costs, staffing shortages, recessionary risks and geopolitics concerns may continue to drag down the industry.

Yap Ah Shak House in Kuala Lumpur is fully operational in fiscal 2022 as a high quality serviced offices with meeting facilities, an event hall as well as two floors of food and beverage operations. Yap Ah Shak House which did not meet the revenue expectation after its opening in January 2022 due to the lingering impact of COVID-19 pandemic on the market for commercial office space, is undergoing a review and revamp in its operations. We are targeting for Yap Ah Shak House to be operational under the new business roadmap in second half of fiscal 2023. With our new business roadmap, the division believes in the potential income to be generated from Yap Ah Shak House.

BUS-BODY FABRICATION

Our focus on building a stronger business coupled with increasing demand led to a strong trading environment for our bus-body fabrication unit, Aviva Master Coach Technology Sdn Bhd (“Aviva”), in fiscal 2022 with delivery of 48 buses to Australia. For fiscal 2023, the unit will continue to focus on the Australia market and with orders in hand, there is a cautious optimism in the sale of our buses.

The market situation remains challenging with rising costs and continuing disruption to the supply chain. However, Aviva is confident in managing the risks and shall focus in ensuring that its production is cost-and-delivery-efficient. For fiscal 2023, our bus-body fabrication unit targets to increase its production to 20 buses per month within the next two years in line with the expected increase in orders from the Australian market.

Although Aviva’s intended collaboration with one of China’s leading electric bus manufacturer for the supply of electric city buses for the local and ASEAN markets in fiscal 2020 did not happen, we will continue to engage with relevant parties in order to enter the market at the appropriate time. Due to the ever-increasing environmental regulations, we anticipate a rapid growth of the electric bus market globally, with Asia Pacific region being the largest available market.

EDUCATION

Despite fiscal 2022 being a slow year for our education unit, The Language House (“TLH”), the unit is cautiously optimistic that in fiscal 2023, it will see a steady rise in student numbers. TLH remains committed to our digital transformation as an education solutions agency and language centre in fiscal 2023, and the unit is well-positioned to capture growth opportunities in the coming years.

To achieve its business goals of increasing total class enrolments and growing digital content course, TLH will focus on expanding its course offerings, strengthening its digital ecosystem and integrating technology into programmes, promoting twinning programs with other international language centres and partner universities. It is also important to TLH to enhance the student experience and foster community building. TLH also expects to see growth in demand for B2B corporate education solutions including languages curriculum design, corporate training for English for Specific Purpose (ESP), HRDF corporate training, and English proficiency tests which will be the core drivers of revenue from corporate training.

With these efforts coupled with TLH’s strong leadership in the language education industry, the unit expects to yield positive results in fiscal 2023.

Statement on Sustainability

The Group's Board together with Management take responsibility for the governance of sustainability in the Group which may include setting the Group's sustainability strategies, priorities and targets. In connection therewith, they are committed to establish and maintain an effective Sustainability Management System which is supported by underlying internal controls, risk management practices, clear accountability and reporting process.

The Board takes into account sustainability considerations which include evaluating the Economic, Environmental and Social ("EES") risks and opportunities relevant to the Group when exercising its duties including among others, the development and implementation of the Group's strategies, objectives, business plans, performance measurements, major plans of action and risk management. The Board would also strive to ensure that the Group's sustainability strategies, priorities and targets as well as performance against such targets are communicated to its internal and external stakeholders and annual review of the performance of the Board and/or senior management may include aspects relating to

their performance in addressing the Group's material sustainability risks and opportunities moving forward.

REPORTING PRACTICE AND BOUNDARY

The Board is pleased to present this Statement on Sustainability ("Statement") for the financial year ended 31 December 2022 ("FYE2022") that has been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and with reference to the Sustainability Reporting Guide (3rd Edition) under Bursa Securities. This Statement outlines the Group's Sustainability Performance Management Framework to enhance the monitoring and reporting of our sustainability performance within the context of EES and also provides detailed disclosure of the management of our key sustainability matters for the FYE2022. This Statement is to be read alongside the other sections of this Annual Report, which highlights the Group's corporate governance, risk management and internal controls, as well as other financial and non-financial details of our operations.

REPORTING PRACTICE AND BOUNDARY (continued)

The Advance Synergy Berhad (“ASB”) Group comprises operating subsidiaries that service business and consumer markets in a variety of industries. These operating companies are grouped under the several Key Business Divisions of the ASB Group (See Exhibit 1), which include:

Exhibit 1 – Our Key Business Divisions/Units



1. As Captii Limited (“Captii”) under ICT division is a subsidiary listed on the Singapore Exchange Securities Trading Limited, it has produced a detailed 2022 sustainability report that provides information on their sustainability performance. Please refer to Captii’s sustainability report in their 2022 annual report for further information.
2. Property Development and Investment division includes Property Development, Hospitality and Food & Beverage (“F&B”) units.
3. Education and Bus-Body Fabrication units are grouped under the Others division.

SUSTAINABILITY GOVERNANCE AND STRUCTURE

The Board and Management shall continue to dedicate leadership and maintain a high standard of sustainability governance to drive continuous and long term growth for all of its stakeholders. As part of our commitment towards sustainability, we have established a clear governance structure to ensure compliance and performance of the Group’s sustainability.

The Group’s sustainability governance structure is as follows (See Exhibit 2):

Exhibit 2 – Group’s Sustainability Governance Structure



The Board is holding ultimate responsibility for the sustainability management of ASB Group. In 2022, the sustainability matters of ASB Group had been placed under the purview of the Risk Management and Sustainability Committee (“RMSC”) (formerly known as Risk Management Committee). The RMSC’s duties and responsibilities are as follows:

- recommends to the Board sustainability-related policies and/or framework for adoption;
- oversees the implementation of the Group’s sustainability policies and/or framework and processes as in identifying, analysing, evaluating, managing and reporting of the material sustainability matters in respect of the EES aspects of the Group and recommends to the Board for approval;
- oversees the management and performance of the Group’s sustainability strategies, priorities, and targets and making the necessary recommendation of changes to the Board for approval;

SUSTAINABILITY GOVERNANCE AND STRUCTURE (continued)

- reviews the effectiveness of the sustainability framework and ongoing sustainability risks, opportunities and any other related matters, and provides timely input to the Board as business condition changes; and
- reviews the statement on sustainability to be prepared in accordance with the Listing Requirements of Bursa Securities, Malaysian Code on Corporate Governance 2021 and any other applicable laws and regulations from time to time where appropriate.

Group Risk Management Unit assists the RMSC to oversee the implementation of Group's sustainability policies and/or framework. The Risk Management Unit of each subsidiary which is part of the Group's sustainability governance structure is assigned to ensure that the day-to-day business activities of the subsidiaries are carried out within the established sustainability framework.

STAKEHOLDERS ENGAGEMENT

Stakeholders play an important role in our Group. We recognise that transparency fosters accountability and ensures that stakeholder issues are addressed in a timely manner. Stakeholders' perspectives are important to us and regular engagement helps us build trust and gain insights into emerging issues that are critical to both stakeholders and the business. Stakeholder communication methods are regularly assessed through information requests to ensure its transparency and effectiveness. Management has assessed and identified the following as key stakeholders for the Group:

| Stakeholder | Methods of Engagement |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders/Investors/Analysts | <ul style="list-style-type: none"> • Annual general meetings • Quarterly announcement of financial results • Company's website • E-mails/letters/meetings |
| Customers | <ul style="list-style-type: none"> • Customers' satisfaction survey • Company's website • Social media • 24 hours accessible Customer Services • Face-to-face interactions |
| Suppliers/Contractors | <ul style="list-style-type: none"> • Negotiations with suppliers • Face-to-face interactions |
| Channel/Distribution Partners | <ul style="list-style-type: none"> • Negotiations with partners • Face-to-face interactions |

STAKEHOLDERS ENGAGEMENT (continued)

| Stakeholder (continued) | Methods of Engagement (continued) |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees | <ul style="list-style-type: none"> • Annual performance appraisal • Training and Development • Face-to-face interactions • Internal memorandum, letters and emails |
| Government & Regulators | <ul style="list-style-type: none"> • E-mails/letters/meetings • Workshops and trainings organised by the relevant regulatory authorities |
| Bankers/Lenders | <ul style="list-style-type: none"> • E-mails/letters • Face-to-face interactions |
| Media | <ul style="list-style-type: none"> • Social media • Advertisements • Company's website |
| Communities/Non-Governmental Organisations/Industry Group | <ul style="list-style-type: none"> • Corporate Social Responsibility activities • Donations and philanthropic activities • Community investment • Face-to-face interactions • E-mails/letters • Company's website |

The following are the priority of stakeholders by business divisions/units for the FYE2022:

| | | | |
|---------------------------|-------------------------------------|--------------------------------------|----------------------------|
| ICT | 1. Employees | 2. Customers | 3. Government & Regulators |
| | 4. Channel/Distribution Partners | 5. Suppliers/Contractors | |
| Travel & Tours | 1. Employees | 2. Customers | 3. Government & Regulators |
| | 4. Shareholders/ Investors/Analysts | 5. Media | |
| Financial Services | 1. Government & Regulators | 2. Shareholders/ Investors/ Analysts | 3. Employees |
| | 4. Channel/Distribution Partners | 5. Customers | |

STAKEHOLDERS ENGAGEMENT (continued)

The following are the priority of stakeholders by business divisions/units for the FYE2022: (continued)

| | | | |
|---------------------------------------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------|
| Property Development & Investment – Property Development | 1. Customers | 2. Suppliers/ Contractors | 3. Government & Regulators |
| | 4. Bankers/Lenders | 5. Employees | |
| Property Development & Investment – Hospitality | 1. Shareholders/ Investors/Analysts | 2. Government & Regulators | 3. Channel/ Distribution Partners |
| | 4. Customers | 5. Employees | |
| Property Development & Investment – F&B | 1. Government & Regulators | 2. Customers | 3. Employees |
| | 4. Suppliers/ Contractors | 5. Shareholders/Investors/ Analysts | |
| Others – Education | 1. Government & Regulators | 2. Customers | 3. Channel/ Distribution Partners |
| | 4. Employees | 5. Shareholders/ Investors/Analysts | |
| Others – Bus-Body Fabrication | 1. Government & Regulators | 2. Customers | 3. Employees |
| | 4. Shareholders/ Investors/Analysts | 5. Suppliers/Contractors | |

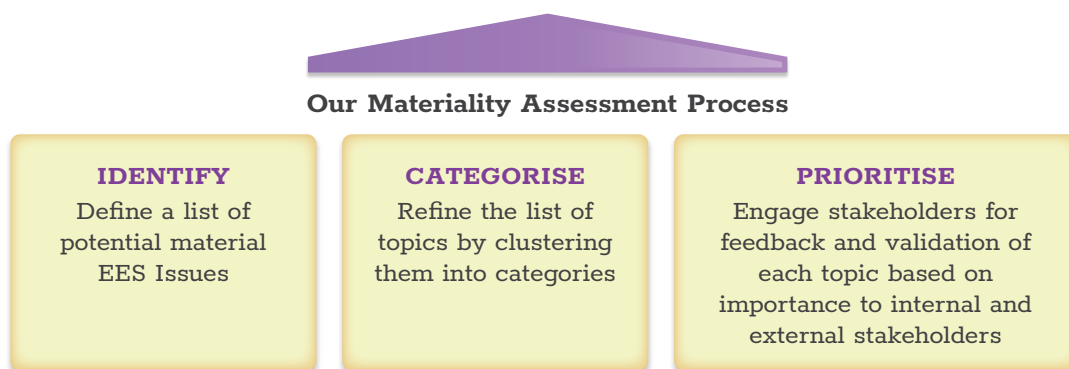
STRATEGIC APPROACH FOR SUSTAINABILITY**Materiality Assessment**

At ASB, we continue to refine our management approach to adapt to the changing business and sustainability landscape. The Management identifies the type of relevant EES issues caused by its day-to-day operations. Management then determines the materiality of the EES issues based on the level of significance of impact and influence on stakeholder values, and the achievement of the Group's strategic objectives. The Board supports and approves the identification and assessment parameters of material EES issues.

STRATEGIC APPROACH FOR SUSTAINABILITY (continued)**Materiality Assessment** (continued)

The key material EES issues for ASB have been identified and reviewed by ASB’s Board and Management and are deemed to remain relevant. These issues will be reviewed annually against the changing business environment, stakeholder opinions, and emerging global and local trends to keep abreast of critical issues. The Group will work towards ensuring comprehensive disclosures on the management and monitoring of our sustainability initiatives for continual improvement.

During the FYE2022, ASB carried out comprehensive materiality assessment process (See Exhibit 3) to identify, categorise and prioritise the Group’s materiality of EES issues based on the business strategy outlined in our plan. Our materiality assessment process was established based on the Bursa Securities’ Sustainability Reporting Guide (3rd Edition) and Bursa Securities’ Toolkit, including the Toolkit on Stakeholder Engagement and the Toolkit in Materiality Assessment, together with Global Reporting Initiative (“GRI”) Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness. Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation’s significant EES impacts, and would substantively influence the assessments and decisions of stakeholders.

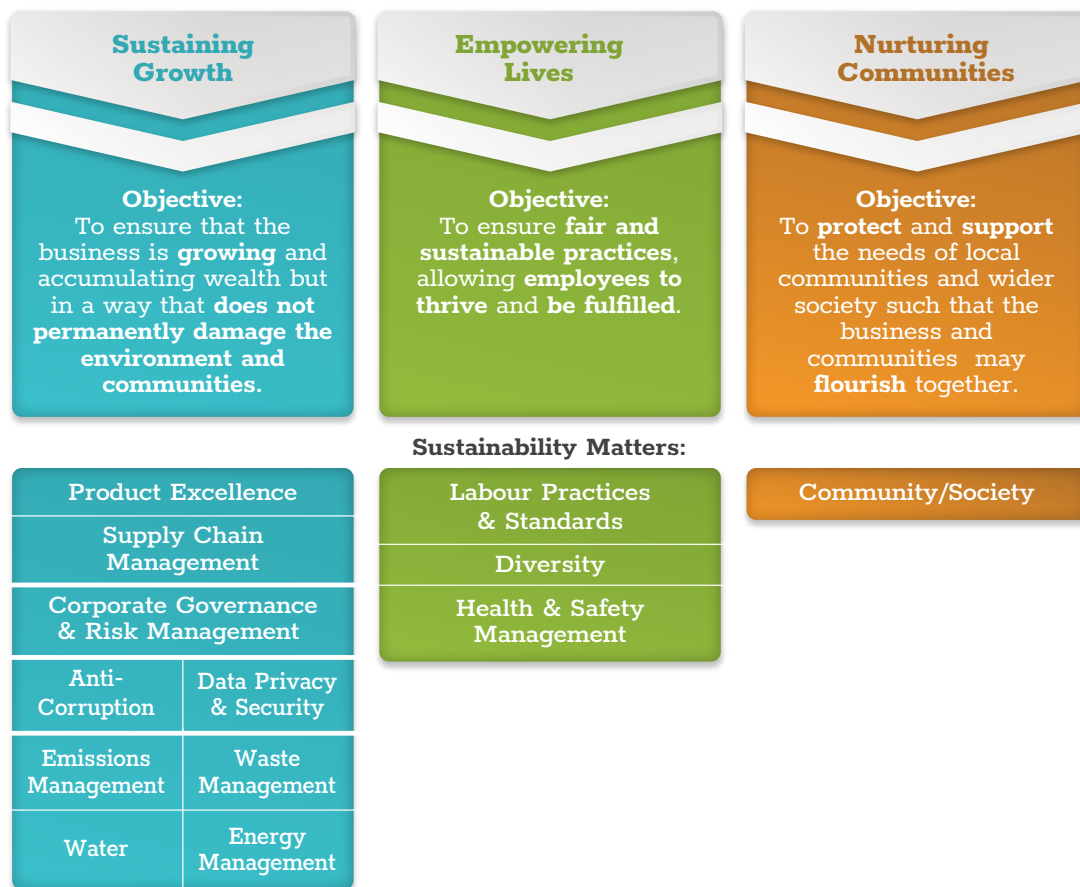
Exhibit 3 – ASB Materiality Assessment Process

The aforesaid assessment process involved stakeholder consultations, workshops for senior management, an assessment of long-term global trends and an internal review of our businesses. During the year, the Group supported by an independent consultant conducted workshops and thirteen (13) material sustainability matters were shortlisted and categorised into the three (3) pillars of our sustainability performance management framework (See Exhibit 4).

STRATEGIC APPROACH FOR SUSTAINABILITY (continued)

Materiality Assessment (continued)

Exhibit 4 – ASB Group’s Sustainability Performance Management Framework



The sustainability matters identified are further described below:

| Category | Sustainability Matters | Description |
|-------------|----------------------------|--------------------------------------------------------------------------------------------------|
| Economic | 1. Product Excellence | Continual effort to improve product excellence through innovation and technology. |
| | 2. Supply Chain Management | Resilience and significant economic and social impacts observed or assessed in our supply chain. |
| Environment | 3. Emissions Management | Reduce the carbon footprint of our operations. |
| | 4. Energy Management | Efficiency of energy usage (i.e. electricity consumption). |
| | 5. Water | Water consumption and discharge. |
| | 6. Waste Management | Hazardous and non-hazardous waste disposal treatment. |

STRATEGIC APPROACH FOR SUSTAINABILITY (continued)

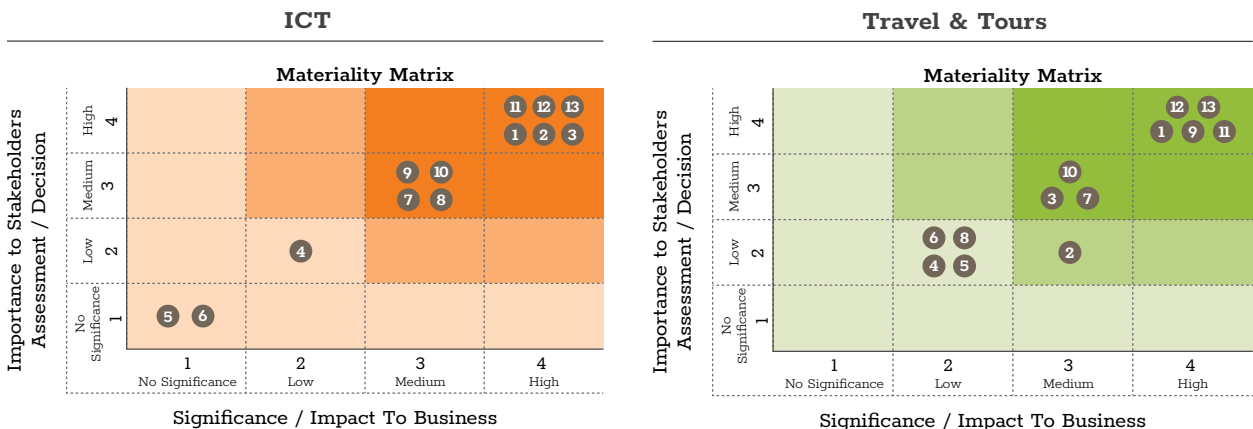
Materiality Assessment (continued)

The sustainability matters identified are further described below: (continued)

| Category | Sustainability Matters | Description |
|----------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Social | 7. Labour Practices & Standards | Commitment to fair employment practices, upholding of human rights principles and upskill its human capital resources. |
| | 8. Diversity | Equal opportunity employment across demographic of our community. |
| | 9. Health & Safety Management | Maintain an injury-free working environment for all employees by following systematic approaches that prevent injuries and eliminate workplace health and safety risks. |
| | 10. Community/Society | Responsibility to communities/societies where we operate in. |
| Corporate Governance | 11. Corporate Governance & Risk Management | Delivering good and transparent corporate governance systems such as a balanced board composition, sound internal controls and a structured organisational framework. Managing business, product, supplier, stakeholder and brand risks across the value chain. |
| | 12. Anti-Corruption | How we guard against corruption, bribery and fraud. |
| | 13. Data Privacy & Security | Protect the Company’s information including confidential business data, employee information and customers’ data. |

The sustainability matters identified are ranked as high, medium, low or no significance on the materiality matrix (See Exhibit 5). Our sustainability efforts and reporting are focused on issues that are of the most concern to our business and stakeholders based on the materiality matrix.

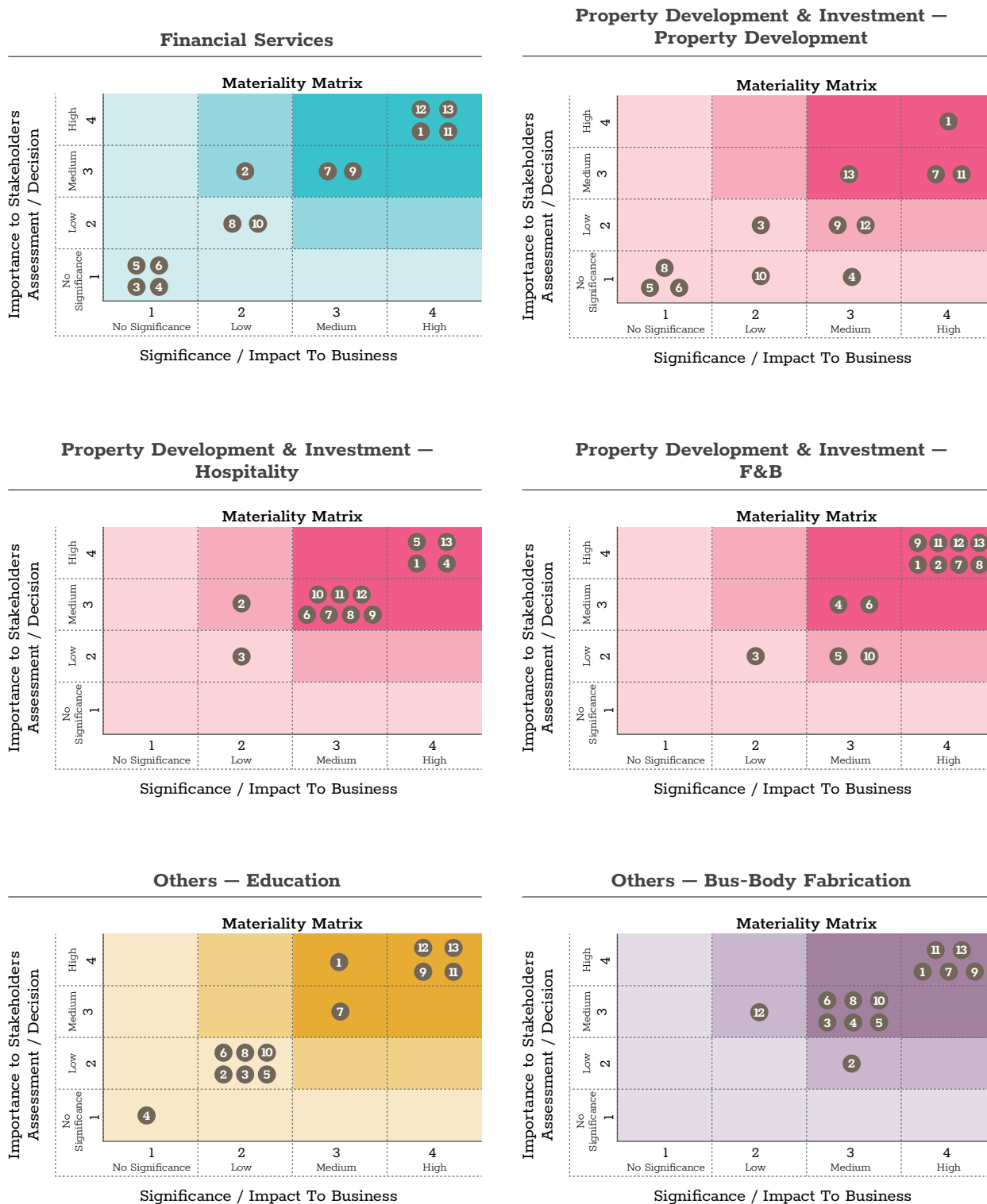
Exhibit 5 – ASB’s Materiality Matrix



STRATEGIC APPROACH FOR SUSTAINABILITY (continued)

Materiality Assessment (continued)

Exhibit 5 – ASB’s Materiality Matrix (continued)



SUSTAINING GROWTH

To ensure that the business is growing and accumulating wealth but in a way that does not permanently damage the environment and communities.

PRODUCT EXCELLENCE

We believe that our financial viability hinges on customer satisfaction and our ability to meet customer demand for our products and services. Our business divisions remain committed to execution excellence and building enduring relationships with not only our customers but key stakeholders in our value chain.

Customers of our financial services division may lodge a complaint through the telephone call, email and company's website and the division will act on such complaint within 3 working days. Merchants or customers will be notified immediately upon any transaction failures. Regular customer satisfaction survey will be conducted on selected merchants as part of its key initiatives undertaken to maintain/improve customer service/customer relationship.

Our ICT division has a 24-hour customer careline for customers to lodge feedbacks on service issue. Feedbacks from customers including complaints are documented for future improvement and development of products and services.

Our hospitality unit strives to be known for its good value hospitality and is committed to superior customer services and well-being of their guests.

Group Commitments & Targets

- ◆ Continue to improve product excellence through innovation and technology.
- ◆ Continue to maintain a high level of customer satisfaction across our businesses.

PRODUCT EXCELLENCE (continued)

The following are some of its existing commitments made:

In their quest to deliver superior quality products and services to their customers and comply with applicable legal requirements, the hospitality unit has in place its very own MANJA Programme, a quality management system focusing on the service standards, work processes, job instructions and the standard operating procedure (“SOP”) for all aspects of the hotel operations. Besides, the unit also obtained accreditations such as “Clean & Safe Malaysian Hygiene and Safety Label” from Bureau Veritas and “COVID-19 SOP and Travel Quality Best Practices” from Tourism Malaysia.

The hospitality, education and financial services businesses are also building their technology capabilities to provide customised, improved and value-added products and services to be more competitive in the digital era. Meanwhile, our F&B unit performs regular research and development (“R&D”), foods testing, review of supply chain in order to maintain commitment to quality.

Our bus-body fabrication unit is International Organization for Standardization (“ISO”) 9001:2015 certified. Our bus-body fabrication unit will continue to provide products and services that consistently meet customers’ needs, enhance customer satisfaction through a process of continual improvement and ensure compliance with all applicable statutory and regulatory requirements.

We believe the Group’s long-term business is built mainly on the trust and confidence of customers. Therefore, feedbacks from customers such as customer satisfaction ratings and customer complaints are documented for future improvement on the development of products and services.

For 2022, the average customer/client satisfaction score of all of our business divisions/units ranged in between 85% to 100%.

None of our business divisions/units received substantiated complaints in relation to our products and services during 2022.

Group Commitments & Targets

(continued)

- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group’s performance in managing product excellence:
 - Average customer/client satisfaction score;
 - Annual growth rate of sales (%) by product;
 - Percentage of new products/services over total sales and gross profit;
 - Net retention rate by customer/client cohort and returning customer; and
 - Total number of incidents regarding product & service on non-compliance with regulations (e.g. information misrepresentation and mislabelling that result in a warning and/or fine or penalty) and substantiated complaints.

SUPPLY CHAIN MANAGEMENT

The Group continues to support local businesses by procuring from suppliers and contracting services locally. We believe that a strong local supply chain through a productive partnership is vital to the growth of our business.

By such support, we believe that we can positively contribute to the local economy. We select partners who share our work ethics and values and who are willing to provide quality products and services in a responsible manner.

In cases where local suppliers are not suitable, we will source internationally. Where outsourcing is practised, we will ensure that the products conform to our sustainable policies and are labelled with “good manufacturing practices”. To mitigate supply chain disruption, our business divisions will have periodic review meetings with active suppliers/vendors besides having alternative and/or multiple suppliers/vendors.

In 2022, our F&B unit has shown a record of 100% procurement spent on local suppliers. Meanwhile, the other divisions/units recorded approximately 38% to 95% procurement spent on local suppliers depending on their nature of business.

For FYE2022, annual assessment/review were conducted on approximately 5% to 50% of the Group’s suppliers. ICT division focuses on supplier background and technical ability to provide the relevant service as the criteria/parameters used to assess and appoint suppliers. Meanwhile, for our F&B unit, the price and quality are their main criteria in assessing their suppliers.

Group Commitments & Targets

- ◆ Continue to assess/review suppliers annually.
- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group’s performance in supply chain management:
 - Number of audits (spot checks) made to key suppliers’ offices/sites;
 - Percentage of suppliers assessed/reviewed annually;
 - Percentage of spending on local (within Malaysia) and foreign suppliers (outside of Malaysia);
 - Percentage of supplies that are obtained from multiple suppliers;
 - Proportion/percentage of code of ethics compliant suppliers; and
 - Proportion/percentage of suppliers with sustainable practices (sustainable practices definition: compliance with regulations, labour practices for foreign workers, waste management, number of fines/complaints, practices for data protection).

CORPORATE GOVERNANCE & RISK MANAGEMENT

Given the geographical diversity of our businesses, we closely monitor developments in the laws and regulations of countries where the Group operates to ensure that our businesses and operations comply with all relevant laws and regulations.

All our key employees affirm their understanding of the code of business conduct. We regularly engage with local government authorities and agencies to keep abreast of changes to laws and regulations.

We recognise that non-compliance with laws and regulations not only has a significant financial impact but potentially detrimental reputational impact on the Group. To manage and track compliance issues, the Group appoints compliance officers and conducts internal audits.

Group Commitments & Targets

- ◆ We are fully committed to strengthening our regulatory compliance framework. Our emphasis is clear and consistently reiterated.
- ◆ The Group continues to work towards a full compliant culture.
- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group's performance in corporate governance and risk management:
 - Number of board meetings within the financial year and the attendance rate;
 - Number of Enterprise Risk Management meetings within the financial year and the attendance rate;
 - Proportion/percentage of employees receiving Corporate Governance or Risk Management training during the financial year;
 - Total number of incidents of environmental non-compliance;
 - Total amount of fines paid for the environmental non-compliance;
 - Total hours/days lost due to disaster/business continuity event(s); and
 - Total number of disaster/business continuity event(s) during the financial year.

The Audit Committee, assisted by Internal Auditors, supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's focus on implementing effective compliance and governance systems. At the operational level, the respective business divisions and departments are responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage their financial, operational, compliance and reputational related risks.

See Governance on pages 87 to 94 of the Annual Report.

See Risk Management and Sustainability on pages 55 to 66 of the Annual Report.

ANTI-CORRUPTION

To ensure that our internal practices and processes are in adherence and alignment with these latest developments, we took active steps to strengthen our internal processes and practices and adopts a 'zero-tolerance approach' towards any form of corruption including stepping up awareness, education and training programmes on anti-corruption, i.e. bribery, fraud, embezzlement and so forth. During the year, the Group continues in implementing the Group Anti-Bribery and Anti-Corruption Framework and Policy ("ABAC Policy") and aligned with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 as well as the Group Directors Conflict of Interest Policy & Procedures and Group Governance Framework pursuant to the guidelines issued by the Securities Commission Malaysia. The ABAC Policy has been designed to safeguard the Company, Board of Directors, Management and employees and to align with the requirements set out in the Group's direction of high integrity principles. It helps the Group staff to recognise and deal with corrupt gratification, as well as understand their responsibilities. In tandem, the Group has implemented a Group Whistleblowing Policy and Procedures ("Whistleblowing P&P") to provide an avenue and platform for all personnel, employees, agents and/or third parties to disclose any acts of bribery and/or corruption in a confidential manner that protects the whistleblower from any risk of reprisal. The said ABAC Policy and Whistleblowing P&P are publicly available on the Group's website at www.asb.com.my.

We are pleased to report that none of our Board of Directors, Management or employees is involved in any suspected bribery and corruption practices or unethical behaviors in 2022.

Group Commitments & Targets

- ◆ We have zero-tolerance for fraud, bribery, corruption and violation of laws and regulations.
- ◆ The Group has a set of policies and guidelines that spells out the responsibilities of employees in observing and upholding the company's 'zero tolerance' position against any form of corruption, bribery and extortion. Periodic training/refresher sessions on anti-corruption, bribery, extortion, and money laundering shall be conducted for the Group staff.
- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group's performance in anti-corruption:
 - Number of Anti-Money Laundering/Anti-Corruption trainings conducted during the financial year;
 - Percentage of board member and employees receiving additional Anti-Money Laundering/Anti-Corruption training during the financial year;
 - Percentage of businesses assessed for money laundering/corruption-related risks during the financial year; and
 - Total number of incidents involving money laundering, corruption and bribery within the financial year.

DATA PRIVACY & SECURITY

With increasing use of technology, the Group may be exposed to increased cyber risk such as risk relating to data breaches, and sabotage on information processing and information technology system. Such cyber risks can lead to the commercial losses and negative effect on the Group's businesses. Therefore, the Group strategises to be resilient against cyber risk by educating its staff on cyber risk and the importance of data privacy and security by creating a cyber security culture. Assessment of the cyber risk/threat landscape is followed by risk mitigation planning based on the Group's risk appetite and implementation of a proactive approach to manage any cyber breach before, during and after it occurs. This is to ensure that critical infrastructure is protected to a level that commensurate with the risks.

Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group's performance in managing data privacy and security:

- Percentage of staff trained to Personal Data Protection Act and/or General Data Protection Regulation requirements;
- Number of data protection ("DP") and data security ("DS") trainings conducted during the financial year;
- Proportion/percentage of board members and employees receiving additional DP & DS training during the financial year;
- Number of incidents involving data privacy and data security breaches during the financial year (includes both external breaches and internal non-compliance incidents); and
- Proportion/percentage of businesses assessed for DP and DS-related risks during the financial year.

ENVIRONMENTAL MANAGEMENT

Environmental sustainability forms an integral part of the Group's sustainability philosophy. We endeavour to integrate the best sustainability practices and compliance across business operations to reduce adverse environmental impact on the ecosystem. In our daily operations, the Group continues to be committed on recycling, energy-saving practices and undertaking measures to reduce wastages, pollution and harmful emissions.

ASB is committed and strive to improve resource efficiency and reduce our environmental impact. We continue to factor in environmental considerations in our businesses.

ENVIRONMENTAL MANAGEMENT (continued)

Our Going Green campaign at our hotels aims to contribute to the preservation of natural resources and environment by focusing on energy conservation, waste management, responsible purchases and landscaping.

Our hospitality unit works with all stakeholders to promote and implement responsible environmental practices. Both Holiday Villa Beach Resort & Spa Cherating and Holiday Villa Beach Resort & Spa Langkawi performed environmental impact assessments before the hotels embarked on any development or improvement. To reduce environment impact, including climate change, we use renewable energy and garbage enzymes made out of fruit peels and vegetables as cleaning agent, minimise the usage of plastic straws, cups, boxes, cutlery and other F&B materials by gradual introduction of paper or biodegradable options, unfinished toiletries are not replaced with the new ones in existing guest rooms, other bathroom amenities are provided only upon request by hotel guests. In addition, all guest rooms are provided with bottled reverse osmosis waters instead of individual plastic bottled waters. The hospitality unit also has its own environmental policy in place with the systems that set annual improvement targets to monitor energy consumption, water consumption and waste production. Our hospitality unit recognises that resource conservation, biodiversity and pollution prevention are key to a sustainable environment, and will continue to effectively integrate these concepts into our business decision-making. This unit subscribes to products that are labelled as complying with “good manufacturing practices” and participated in Fortnightly Trash Hero Programme.

Group Commitments & Targets

- ◆ Continue to improve the environmental management systems of key business units to meet the requirements of the ISO 14001 standard.
- ◆ Continue to explore solutions that minimise environmental impact.
- ◆ Install or maintain energy efficient equipment and devices at our facilities whenever possible, including LED lights and more energy-efficient cooling solutions.

ENVIRONMENTAL MANAGEMENT (continued)

Our bus-body fabrication unit has a built-in monitoring system on waste production and disposal. The Group ensures that waste materials are deposited at designated environmentally safe areas and disposed off periodically by licensed waste disposal contractors.

As for our F&B unit, we ensure used cooking oils are stored in non-flammable containers before disposing them to the recognised oil waste disposal vendor regularly.

For businesses with operations that are concentrated in offices such as our ICT and travel and tours divisions, the impact on the environment is relatively limited and confined largely to resource and energy efficiency such as encouraging staff to be environmentally-conscious by promoting paperless administration and operational practices to reduce paper usage.

Group Commitments & Targets (continued)

- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group's performance in:
 - emission management (refer to page 42 for details):
 - Scope 1 — Tonnes of carbon dioxide equivalent ("CO₂e") produced by vehicles and machineries owned by the Group;
 - Scope 2 — Tonnes of CO₂e produced by electricity consumption; and
 - Scope 3 — Tonnes of CO₂e produced by employees commute (estimation based on headcount).
 - waste management:
 - Total waste produced (kg/tonnes); and
 - Total waste diverted from disposal (kg tonnes) and total waste directed to disposal (kg/tonnes).
 - water:
 - Water consumption by area of operations in cubic metre ("m³") and Ringgit Malaysia ("RM") (bought water);
 - Proportion/percentage of water consumed that is bought vs harvested in m³ and RM;
 - Water saved due to water harvesting and well water in m³ and RM;
 - Wastewater discharge by area of operations in m³; and
 - Proportion/percentage of wastewater that is processed or reprocessed in m³.
 - energy management:
 - Total energy consumption by area of operations in kWh and RM;
 - Total non-renewable energy consumption in kWh and RM;
 - Proportion/percentage of energy consumed that is renewable vs non-renewable in kWh and RM; and
 - Total renewable energy consumption in kWh.

ENVIRONMENTAL MANAGEMENT (continued)**Emission Management**

In 2022, the Group started to monitor carbon emissions from our business activities. We report our greenhouse gas (“GHG”) emissions according to the GHG Protocol Corporate Standard. The intensity of operational GHG emissions is measured and disclosed as follows:

| Scope | Emission Type | Definition | Description |
|---------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Scope 1 | Direct emissions | GHG emissions in activities from the Group’s fuel combustion in vehicles and machineries. | Measured and disclosed |
| Scope 2 | Indirect emissions | GHG emissions generated from the consumption of purchased electricity. | Measured and disclosed |
| Scope 3 | Indirect emissions | GHG emissions that are a consequence of the activities of the company but occur from sources not owned or controlled by the company, i.e. employee commuting. | Measured and disclosed |

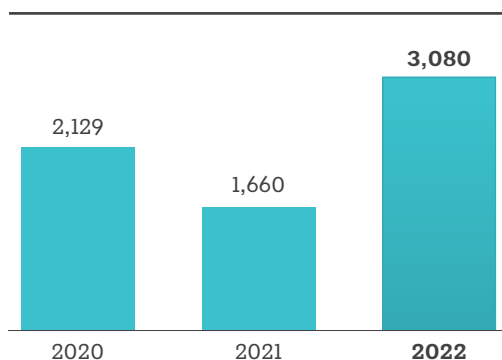
Presently, the data on GHG emissions under Scopes 1 and 3 is limited for year 2022. Continuous efforts are in place to reduce the GHG emissions.

Scope 1 – Tonnes of CO₂e produced by machineries owned by the Group are as follows:

| Fuel Type | Total Emissions (tonnes of CO ₂ e) |
|-----------|-----------------------------------------------|
| Diesel | 1.064 |

| Scope 3 | Total Emissions (tonnes of CO ₂ e) |
|-------------------------------------------------------------|-----------------------------------------------|
| Emissions from transportation of employees to and from work | 386 |

Scope 2 – Tonnes of CO₂e produced by electricity consumption

**Waste Management**

Apart from carbon emission control, the Group also takes stringent measures in waste management. All the wastes generated were carefully handled. No monetary fine was imposed in relation to any hazardous waste spillage incident. We will also continue to maintain our stringent control and commitments to protect the environment moving forward. Table 1 summarises the type of waste generated by our ICT division as well as F&B and bus-body fabrication units in 2022.

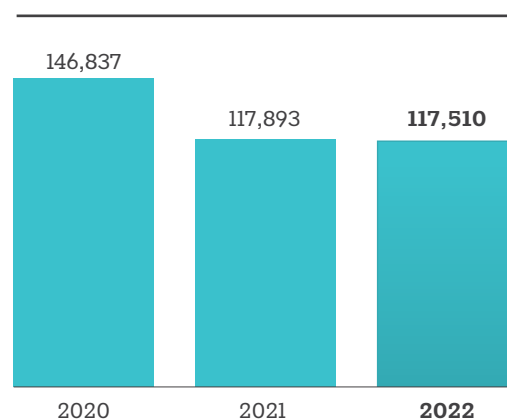
Table 1 – Summary of waste generated

| Type of Waste | Waste Generated (tonnes) |
|---------------|--------------------------|
| Recycled | 4.30 |
| Non-recycled | 141.20 |
| Hazardous | 0.07 |

ENVIRONMENTAL MANAGEMENT (continued)**Water**

Water is a precious resource. The Group continues to strengthen its water conservation efforts through initiatives like promoting water-saving practices, adopting water-efficient technologies and equipment as well as implementing process improvements.

Given that the business operations of most of our divisions/units are concentrated in normal office spaces, the level of water consumption is relatively limited, except for hospitality unit. In 2022, the total consumption by our Group was approximately 117,510 cubic metres (m³) of water as compared to approximately 117,893 cubic metres (m³) in 2021.

Group Water Consumption (m³)**Energy Management**

The Group's energy demand comprises a mix of direct and indirect sources of energy. In 2022, the Group consumed about 5,218,966 kWh of energy.

Our electricity consumption has seen a significant increase in 2022 compared to the previous year as a result of increased operations in all our business divisions/units.

| Business Division/Unit | 2020 (kWh) | 2021 (kWh) | 2022 (kWh) |
|-----------------------------------|------------------|------------------|------------------|
| ICT | 294,703 | 108,218 | 834,283 |
| Travel & Tours | 49,966 | 22,429 | 40,482 |
| Financial Services | 39,924 | 66,959 | 77,496 |
| Property Development & Investment | | | |
| - Property Development | 39,321 | 41,001 | 46,852 |
| - Hospitality | 2,811,574 | 2,072,042 | 3,515,836 |
| - F&B | - | 103,088 | 289,831 |
| Education | 32,863 | 32,863 | 40,000 |
| Bus-Body Fabrication | 80,153 | 189,242 | 323,726 |
| Investment Holding | 74,871 | 33,073 | 50,460 |
| Total | 3,423,375 | 2,668,915 | 5,218,966 |

Hospitality unit reported the highest increase in the electricity consumption with operations at full capacity during FYE2022 following the uplifting of restrictions relating to COVID-19 pandemic imposed by government on the hospitality industry in FYE2022. With the re-opening of international borders, this has given opportunity for recovery of our hospitality unit.

ENVIRONMENTAL MANAGEMENT (continued)**Energy Management** (continued)

All our other business divisions/units showed increase in electricity consumption in 2022 compared to 2021 as they geared up operations during the year such as the increase in the electricity consumption of the bus-body fabrication unit was mainly due to higher level of activities. Lower electricity consumption in 2021 by our F&B unit was mainly due to the movement restrictions during the first three (3) quarters in 2021. The opening of a new rooftop bar also contributed to the higher electricity consumption for our F&B unit in 2022.

Environmental Compliance

ASB remains committed to comply with all applicable legal requirements enforced by local governing authorities and relevant enforcers which may include among other, the requirements as set out in the Table 2 below. The Group's operations continue to conform to local environmental laws and regulations. All employees of the Group and that of contractors and consultants are encouraged to be proactive and forthcoming in managing and reporting environmental related issues and complaints.

Table 2 – Environmental Compliance Requirements in Malaysia**Compliance**

Environmental Quality Act 1974 (and its Amendments)
 Environmental Quality (Scheduled Wastes) Regulations 2005
 Environmental Quality (Sewage) Regulations 2009
 Environmental Quality (Clean Air) Regulations 2014
 Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015
 Guidelines from Natural Resources and Environment Board (Sarawak)
 Land Conservation Act 1960

During the reporting period, there was no incident of non-compliance and penalties pertaining to environmental-related issues. To maintain the highest standard of environmental compliance and to prevent future occurrence of incidents, Management will continue to review and improve the current environmental management system and practices and ensure that all our activities and operations comply with existing regulatory requirements.

EMPOWERING LIVES

To ensure fair and sustainable practices, allowing employees to thrive and be fulfilled.

LABOUR PRACTICES AND STANDARDS

Our employees are one of our most valuable assets. We are committed to fair employment practices, uphold human rights principles and invest in developing and training our people. At the Group, we strive to foster an inclusive and performance-driven work environment to attract, retain and develop our talents. We are an equal opportunity employer and have instituted a fair system to ensure equal opportunities and non-preferential treatment for all employees. There is no preference or prejudice towards religion, age, ethnicity, race, physical disability or gender. Employees are required to observe and adhere to all relevant Group policies and practices. As at 31 December 2022, the Group has a total number of 607 employees.

Group Commitments & Targets

We continue to engage our workforce and implement initiatives to achieve our long-term goal of improving collaboration and workplace innovation. Employee engagement initiatives are organised throughout the year to forge stronger bonds among employees and enhance communication between management and staff.

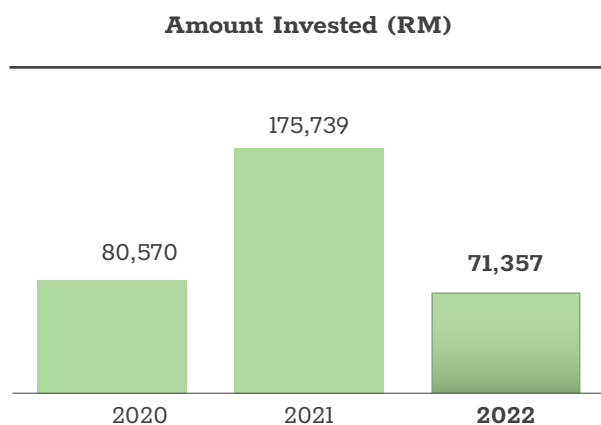
- ◆ Continue to promote diversity and equal opportunity in the workplace.
- ◆ Further develop our workforce through tech-enabled and self-paced training programmes.
- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group's performance in managing labour practices & standards:
 - Total amount spent on training;
 - Percentage of employees receiving training and development by types of training;
 - Percentage of staff turnover by employee category (e.g. executive, non-executive, etc);
 - Number of substantiated complaints concerning human rights violations; and
 - Number of incidents of complaints to union and/or human resource-related claims.

LABOUR PRACTICES AND STANDARDS (continued)

Learning & Development

In a rapidly evolving industry, continuous learning is essential to ensure our Group implements the latest practices and technologies and to address key gaps in employees' behaviour, technical and functional skills/knowledge. To encourage and support our employees to develop their fullest potential and have a fulfilling career, the Group places priority on learning and development programmes. Our learning and development roadmap also accounts for future skills required to improve the efficiency of the business. We customise and design training and development activities based on employees' training needs and work requirements.

During the financial year ended 31 December 2022, the Group spent close to RM71,357 on training. Total amount invested in employee learning and development from 2020 to 2022 is as follows:



Lower amount spent on the training in 2022 is partly due to most trainings attended by employees were being conducted internally and on non-payment basis.

In 2022, our bus-body fabrication unit provided various types of training to enhance the skills and knowledge of employees and amongst others, the following were the 2 training courses conducted:

- Safe Handling of Forklift
- Training on SQL Financial Accounting

The Board takes appropriate action such as attending training to ensure they stay abreast with and understand the sustainability issues relevant to the Group and its business which may include topics relating to climate-related risks and opportunities. During 2022, external training attended by the directors, senior management and/or employees of the Group include among others the following:

- ABSS Accounting and Premier Basic Training
- Certified Scrum Master
- Essential Guide to Strata Management & Maintenance in Sarawak
- E-Learning on "Sustainability E-Training for Directors"
- Email Etiquette and Business Writing Skills
- Food Handler Training (*Attended by the employees of F&B unit*)
- Human Capital Conference & Exhibition 2022 (Levy)
- Kursus Kesedaran Awam – Pasukan Keselamatan Kebakaran
- Malaysia Tax Budget Conference 2023: Riding the Post-Pandemic Tide
- Online Training on "Anti Money Laundering & Financial Crime in the age of Covid"
- Safe Handling of Forklift
- Seminar on "The Financial Services Culture Board Assessment of Organisational Culture"
- Training on SQL Financial Accounting
- Travel and Tours Enhancement Course
- Virtual Instructor Led Training on "Simplified Strategic Planning"
- Webinar on "2022 MFRS Updates Seminar"
- The Leader Manager Working Workshop

LABOUR PRACTICES AND STANDARDS

(continued)

Learning & Development (continued)

- Webinar on “Harnessing the Power of Rising Megatrends”
- Webinar on “Service Tax Rules & Regulations in Force”
- Webinar on “Task Force on Climate-related Financial Disclosures – Climate Disclosure Training Programme”
- Webinar on “The Future of Global Retail: Learning from China’s Retail Revolution”
- Webinar on “The Next Wave of Asia’s Technology Boom”
- Webinar on “The Securities Commission Malaysia’s Audit Oversight Board Conversation with Audit Committees”
- Webinar on “Transfer Pricing Workshop – Series 1: Mastering Preparation of Minimum Transfer Pricing Documentation in 2 Hours”

Besides external training, the Group had organised in-house training, Training and Workshop on ASB Sustainability Framework, attended by our Board members, key management and executives from all divisions/units.

The following in-house trainings were conducted for our employees during FYE 2022:

- Anti-Bribery & Anti-Corruption Program
- Anti-Money Laundering & Counter Financing of Terrorism
- Business Continuity Plan Awareness Training
- Code of Conduct Workshop

- Devoted to Your Well-being Program
- Food Handler Training (*Attended by the employees of hospitality unit*)
- Global Data Privacy Policy
- KeePass Deployment: Introduction
- MANJA Customer Service Training Program
- Personal Data Protection Act
- Whistleblowing Policy & Procedures
- Workplace Occupational Safety & Health Workshop

The following summarises the type of training attended by employees for FYE 2022:

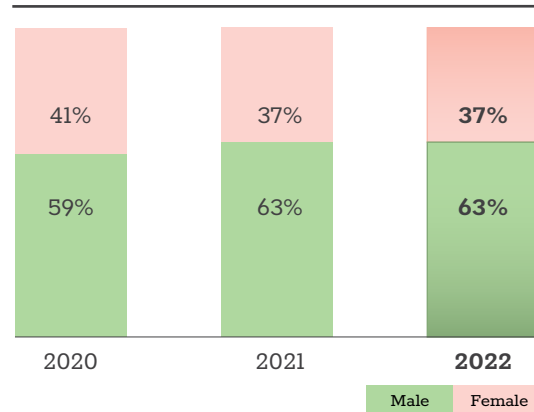
| Type of Training | No. of Training Attended |
|-----------------------------------------|--------------------------|
| Sustainability | 1 |
| Health & Safety | 6 |
| Mental Health & Wellness | 2 |
| Data Protection & Data Security | 3 |
| Anti Money Laundering & Anti-Corruption | 5 |
| Code of Conduct/Ethics | 2 |
| Corporate Governance & Risk Management | 1 |
| Personal Data Protection Act | 2 |
| Others | 15 |
| Total | 37 |

Since the beginning of COVID-19 pandemic, most of our training for staff are conducted online and are provided free by our partners or authorities or internally. The Group will continue to provide training and education opportunities through comprehensive development programmes and promote a conducive corporate environment where everyone can achieve their potential.

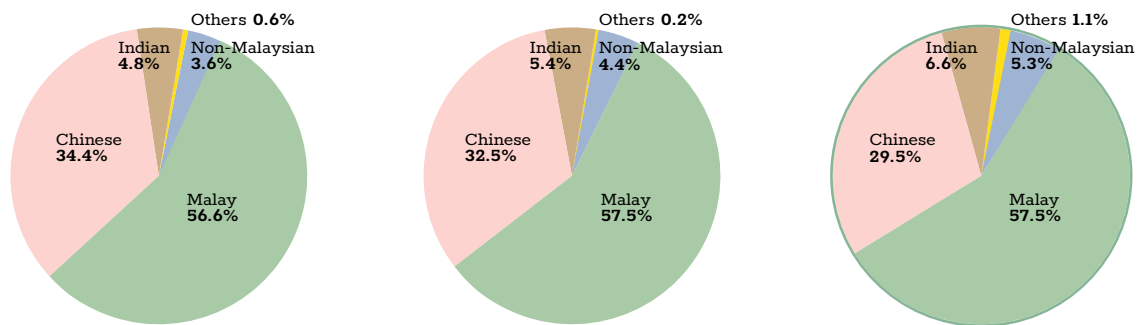
DIVERSITY

We believe that people should have access to the same opportunities regardless of their ethnicity, religion, gender, marital status or age. We value diversity and inclusion and are committed to the principle of equal employment opportunity. Our hiring policies ensure equal employment opportunities for all. New hires are considered based on individual competencies as well as organisational requirements and job fit. Our employment statistics illustrate the following diversity of our workforce. As of 31 December 2022, the Group maintained a 37% female employment rate despite an increase in the total number of employees.

Embracing Diversity in Workforce Group Gender Diversity



Distribution by Ethnicity (%)



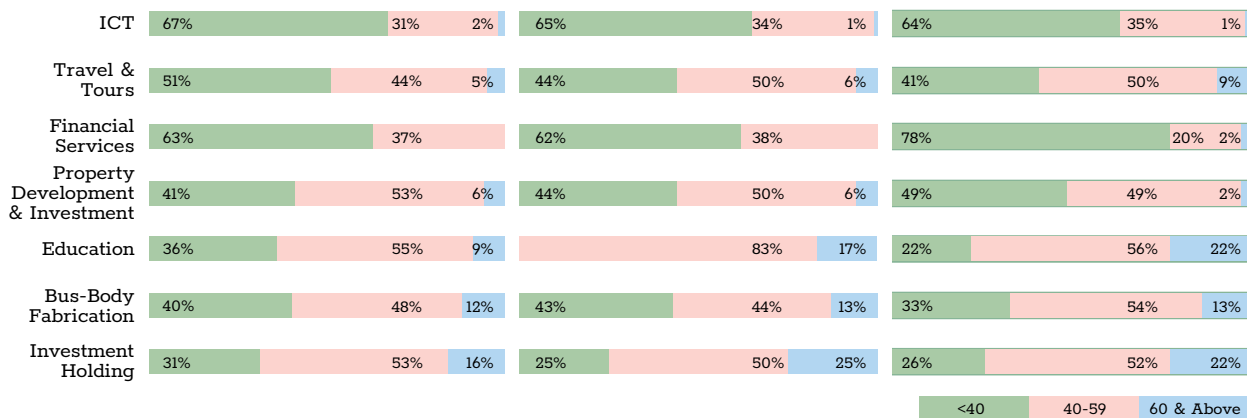
As at 31 December 2020

As at 31 December 2021

As at 31 December 2022



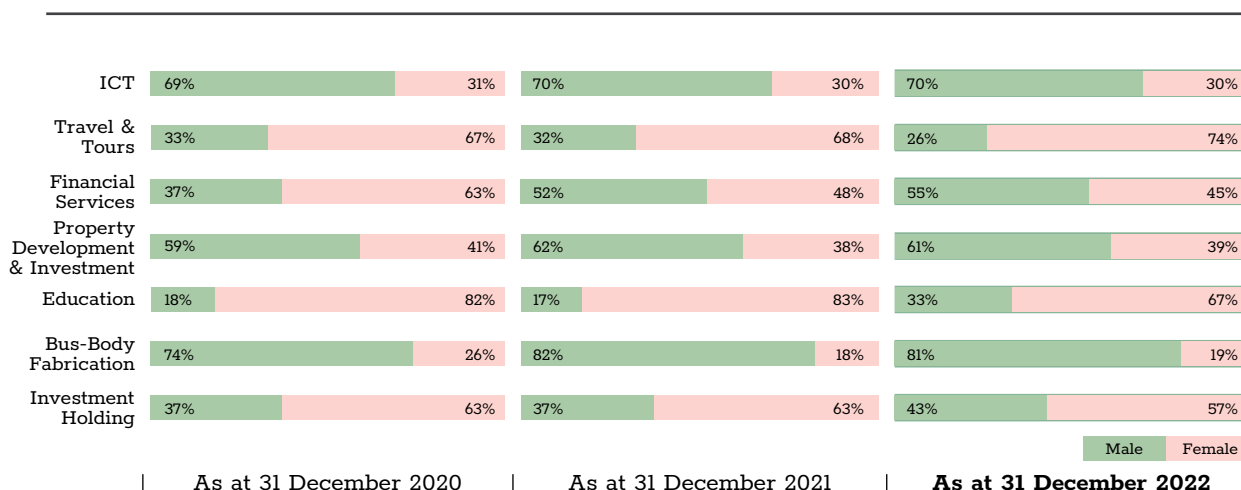
Distribution by Age (%)



As at 31 December 2020

As at 31 December 2021

As at 31 December 2022

DIVERSITY (continued)**Distribution by Gender (%)**

The Group believes that hiring from local communities enhances our ability to understand local needs and strengthen our capabilities on the ground. The Group offers graduate placement programmes, industrial training and internship in our hospitality unit, ICT and financial services divisions.

Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group's performance in managing diversity:

- Percentage of diversity for directors and employees by gender (Male and Female ratio), ethnicity (Malay, Chinese, Indian, Others and Non-Malaysian ratio), age (below 40, 40-59 and 60 & above), nationality (Malaysia and Foreigner ratio);
- Number of trainings provided for all employees on discrimination and harassment in the workplace; and
- Percentage of employees receiving diversity training by employee category.

Code of Business Conduct and Ethics

We maintain a zero-tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in all

our operations. All employees are required to conduct business dealings in line with our Code of Business Conduct and Ethics Policy. We encourage declaration of conflict of interest on an annual basis as a preventive safeguard for fair dealings and transparent business relationships.

Compliance with Applicable Employment Laws & Regulations

During the year under review, the applicable employment laws and legislations include among others the requirements as set out in Table 3 below.

Table 3 – Employment Compliance Requirements in Malaysia

Compliance

Employment Act (Amendment) 2022

Industrial Relations Act 1967

Trade Union Ordinance 1959

Code of Industrial Harmony, Malaysia 1975

Minimum Wages Order 2022

Personal Data Protection Act 2010

Pembangunan Sumber Manusia Berhad Act 2001

DIVERSITY (continued)**Compliance with Applicable Employment Laws & Regulations** (continued)

The Group strives to continuously cultivate a transparent and inclusive environment for all employees, as well as to ensure a top-down approach to promote fair and ethical business dealings. We also have an open-door policy whereby employees are encouraged to speak up or report grievances directly to their superior, head of department, human resource department, their business unit chief executive officer, and group executive director and/or independent directors of the Company. This is to reinforce our commitment to our employees to provide them with a workplace that is healthy, safe and secure.

HEALTH & SAFETY MANAGEMENT

The Group remains committed to maintaining a safe and productive environment, free from harassment in which all individuals are treated with respect and dignity and we expect all our employees and individuals who work at our sites/businesses to follow our health and safety policies and procedures and be free from substance abuse at all times.

Our employees and partners are assured of a safe working environment through our Health & Safety and Environment Management system (“HSEMS”). While the HSEMS serves as a point of reference, additional measures have been taken to cultivate a safety-first culture through various initiatives at our corporate office.

Processes and systems are in place to identify, mitigate and report risks and communicate best practices across the Group, and we work with our contractors and subcontractors to ensure that they understand our requirements and expectations.

In order to ensure our employees are practising safe workplace practices and taking the necessary safety precautions, we provide relevant training programmes conducted internally and through external parties. Safety training programmes are being conducted every year by our bus-body fabrication unit. In the year 2022, the unit conducted the training programme, Safe Handling of Forklift Truck.

Group Commitments & Targets

- ◆ Strive to raise awareness, maintain vigilance and foster a strong health and safety environment centric culture across the Group and particularly at the ground level.
- ◆ Maintain a zero-tolerance to unhealthy and unsafe practices.
- ◆ Leverage technology to drive improvements in safety performance.

HEALTH & SAFETY MANAGEMENT (continued)

During the year, hospitality unit conducted safety training programmes which include among others, the following:

- ◆ Devoted to Your Well-Being Programme;
- ◆ Food Handlers Safety Programme;
- ◆ “Kursus Kesedaran Awam – Pasukan Keselamatan Kebakaran”; and
- ◆ Workplace Occupational Safety & Health Workshop.

To safeguard the health and safety of our employees, the Group regularly conducts fogging and housekeeping activities and fire drills at its premises and practises the SOP set by Ministry of Health for prevention of COVID-19. In 2022, there was no incident of fatalities across the Group’s operations.

Group Commitments & Targets (continued)

- ◆ Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group’s performance in health & safety management:
 - Total number of fines/penalties relating to workplace health and safety for the financial year;
 - Total number of reportable health and safety incidents for the financial year;
 - Average number of sick days per employee;
 - Total number of health & safety trainings and percentage of employees trained by employee category (executives, non-executives); and
 - Number of mental health & wellness trainings/initiatives/sessions and proportion of employee involved by category.

We have a Health and Safety Committee to ensure that the Group complies with the Occupational Safety and Health Act, 1994. The Group strives to maintain its health and safety standards and drive continuous improvement in our operational health and safety performance.

Our hospitality unit has set a quantifiable target relating to employee occupational health and safety where it is compulsory for its employees to attend occupational health and safety training programmes. Besides, the unit implemented stay safe programmes as health and safety is an important criteria for travellers. The staff are trained in demonstrating, explaining and illustrating to the guests the steps being carried out for their well-being.

To ensure construction safety at the project sites, our tender process and award of contracts to contractors incorporate the required compliance to Malaysia’s safety at-work legislation. With regard to workers employed at the construction sites, our main contractors are obligated to comply with all safety, health and welfare regulations pertaining to them.

HEALTH & SAFETY MANAGEMENT (continued)

In 2022, both the Lost Time Injury and Lost Time Accident incidents at Group level were zero. The Group strives to continue to maintain its health and safety standards and drive continuous improvement in our occupational, health and safety performance.

COVID-19 Endemic

As COVID-19 enters the endemic stage in Malaysia, our efforts to ensure employees' well-being and safety have continued unabated and will always be one of our top priorities. The Group has taken an active and measured approach to managing COVID-19 risks to protect our people and assets, and will sustain these efforts.

Guided by the National Security Council and taking into account on the relaxation of travel and social restrictions and the SOPs for COVID-19 endemic, we have reviewed our working SOP to adhere to the current guideline whilst ensuring to minimise the exposure of our employees. The continuous controls include amongst others, preparing staff and increasing their awareness on prevention, health and safety measures. During the year, small group of gatherings and physical meetings were allowed. However, staff were still encouraged to conduct discussions or meetings via online virtual meeting room. We maintained constant communication to keep our clients abreast of the developments in Malaysia. Our travel and tours division continues with their efforts in assisting clients in their travel plan changes and updating and monitoring travel restrictions, warnings and alerts from various countries and the World Health Organisation.

The well-being and health of guests and team members has been, and will continue to be our hotels and resorts' priority. Our hospitality unit is committed to operate to the highest levels of health and safety vigilance, providing the guests with the safest, most comfortable and flexible experience while enjoying the high standard of service as expected. Guided by local and international health experts, our hotels and resorts have introduced Devoted to Your Well-being Programme – Policy & Procedures on COVID-19 Safety & Hygiene Protocols. The “new norms” best practices and policies are implemented to enhance the hygiene practices and protocols of our hotels and resorts in light of combating COVID-19. By continuously enhancing our stringent health and safety protocols, the team can then ensure the well-being of every guest, visitor and colleague at all times.

The health and safety of team members of our hospitality unit is of the utmost importance. Wellness checks for all team members, training on personal protective equipment and mandatory wear as per local guidelines are conducted to ensure the new practices and procedures are adhered to.

The Group remains committed to closely monitoring the effects of the COVID-19 endemic and to minimise its impact on our people.

NURTURING COMMUNITIES

To protect and support the needs of local communities and wider society such that the business and communities may flourish together.

COMMUNITY/SOCIETY

Support initiatives to promote the social development of local communities where we operate through the corporate social responsibility.

ASB is committed to uphold and to honour our social obligations by contributing to the economic and social wellbeing of every community in which we operate. We also believe in the importance of providing opportunities especially to the younger generation, for the betterment of our society.

The Group participates in the ACHIEVE Corporate Social Responsibility (“CSR”) Programme (“ACHIEVE”) which aims to pool and focus the efforts and resources of the Group with likeminded corporations that share the common desire to support and implement meaningful CSR activities. The ACHIEVE Committee was formed with representatives from various divisions of our Group participating as committee members, to spearhead CSR activities via synergy collaboration with identified organisations.

Quantitative targets have been set for a 3-year period from 2023 based on the following measures/indicators to assess the Group’s performance in community/society matters:

- Number of interns accepted in the internship programme;
- Number or percentage of interns turned permanent employee from the internship programme;
- Amount invested in community development to external beneficiaries in relation to workforce training and development, donations and others;
- Total number of beneficiaries by type of community development initiatives; and
- Average number of hours/days invested in community development initiatives per employee.

COMMUNITY/SOCIETY (continued)**Remaining eco-friendly in our daily operations**

We recognise the importance of good environmental management or preservation practices to minimise disruption to the environment in the communities we operate in to sustain growth. In our daily operations, the Group continues to be committed on recycling, energy-saving practices and undertaking measures to reduce wastages, pollution and harmful emissions. We shall continue to expand and adopt our sustainable environment management practices and efforts in our business operations and strive to influence that of stakeholders in our value chain.

Internship

The Group offers a internship program to build a future generation of leaders and fight youth unemployment. For FYE2022, our hospitality unit had recruited eighteen (18) interns. Our financial services division accepted eleven (11) interns out of which six (6) persons were then recruited as permanent staffs for FYE2022. ICT division has also accepted thirty-nine (39) interns and three (3) interns were subsequently recruited as permanent staffs.

Risk Management and Sustainability

The Board is **responsible for establishing a formal structure** for the Group's Risk Management and Sustainability Committee ("RMSC") in ensuring that there is a sound system, policy and/or framework in place for risk management and internal control, and effective governance and management of sustainability initiatives and practices of the Group.

Guided by the latest Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has in 2022 resolved to include sustainability aspects under purview of the RMSC and the risk management committee was renamed to RMSC with corresponding changes made to the terms of reference of the RMSC. This will enable the Board to have a clear structure for the oversight of sustainability initiatives and adoption of indicators with specific measurements identified in tandem with the materiality matrix of the key sustainability matters so that our resources and efforts may be prioritised accordingly towards achieving our sustainability goals. The Group's sustainability framework, strategies, material sustainability matters, measures/indicators and targets, risks and opportunities of the Group are set out in the Sustainability Statement on pages 25 to 54 of this Annual Report.

For the purpose of this Statement, the Group means the Company and its subsidiaries, excluding its joint ventures and associate companies. This Statement does not cover the joint ventures and associate companies as the Company does not have full control over the operations, management and internal control

system of these companies. However, we may have board representation on the boards of these companies.

IDENTIFYING AND MANAGING RISK

The management of risk is embedded in our culture and it is the responsibility of each employee to ensure that this culture is built into our working practices. Specifically, day-to-day management of risk is delegated by the Board to senior executives across each subsidiary, through appropriate committees, systems and controls. However, the Board provides direction by determining and setting the risk appetite.

Whilst encouraging an entrepreneurial and commercial culture that is focused on generating value for our clients, the Board actively seeks to ensure all relevant risk exposures are managed and mitigated. Note 37(b) to the financial statements describes how the Group manages the financial risks faced in the normal course of business. The Board receives input from other key committees along with the framework employed by the Group to effectively manage risks.

IDENTIFYING AND MANAGING RISK

(continued)

We are subjected to the same general risks as many other businesses; for example, changes in general economic conditions, currency exchange and interest rate fluctuations, changes in taxation legislation, cybersecurity breaches, cost fluctuations of raw materials, impact of competition, political instability, pandemic and natural disasters.

OUR RISK STRATEGY

The Board is responsible for establishing a formal structure for the Group’s RMSC in ensuring that there is a sound system, policy and/or framework in place for risk management and internal control, and effective governance and management of sustainability initiatives and practices of the Group.

This risk management framework includes risk assessment, response, communication and governance as key components to provide a comprehensive and proactive approach in managing risks. The Board is also responsible for ensuring that appropriate and proportionate resources are allocated to risk management activities.

OUR RISK MANAGEMENT FRAMEWORK

Under the RMSC, we have a structured risk management framework throughout the Group which is guided by the ISO 31000 - Risk Management Principles and Guidelines and set in place to identify the optimum operating condition to achieve the Group’s strategic objective as well as to provide reasonable assurance that internal controls are adequate and effective in mitigating risks arising from business operations. This framework includes a standard set of risk categories, generic risk descriptions and scoring methodology,

together with a process to analyse and manage risk. All our subsidiaries use this framework to identify and document their specific risks.

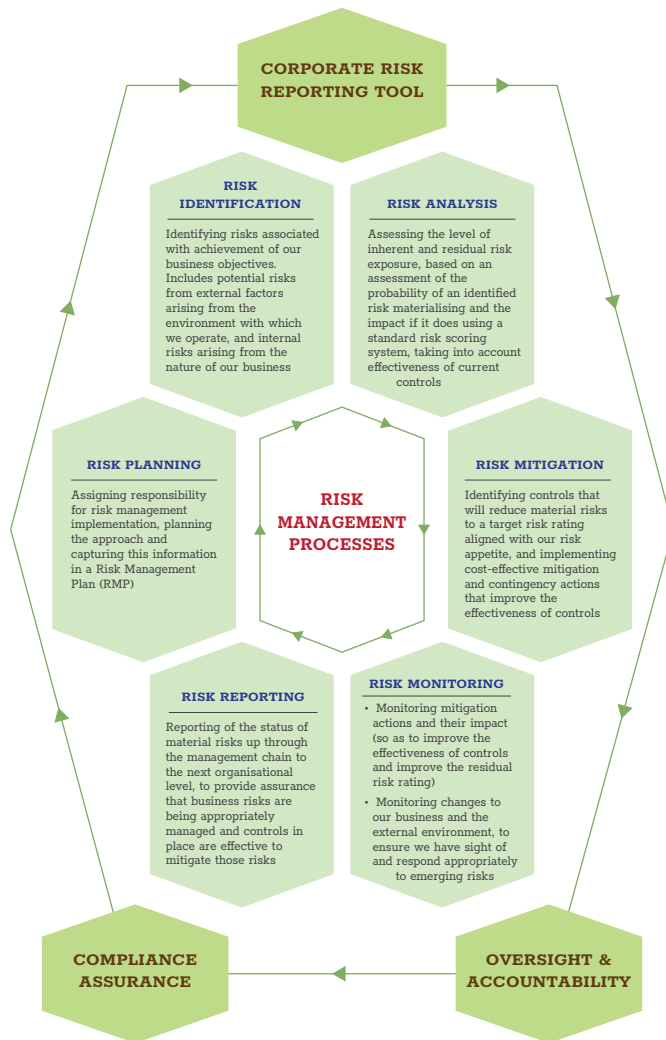


Diagram 1: Risk Management Process

The risk management framework covers 6 broad processes as illustrated in Diagram 1 with corporate risk reporting tool, oversight and accountability and compliance assurance. Among others, the risk management process includes risk assessment that aids in appropriately identifying and analysing the risk at hand for better understanding. By this, an applicable response can be devised in order to mitigate the consequence and a continuous monitoring of the identified risk.

OUR RISK MANAGEMENT FRAMEWORK (continued)

By having a well-defined process according to the framework, we are able to communicate more effectively across the Group so that the management will have a clearer picture in order to have a structured plan and sound governance as key components for providing a comprehensive and proactive approach in managing risks. At the Group level, this process becomes a complete reporting tool which provides an oversight of all related matters with a clear accountability structure that finally becomes a basis of transparency and ultimately providing assurance for best practises of risk management.

We rank risks in a risk register by combining their economic, operational or environmental impact and the likelihood that they may occur. We do this both before and after we identify the controls in place as part of a continuous monitoring process to mitigate each risk. Those risks that pose the greatest threat to our business and score the highest are identified as key risks. All our people are responsible for managing risk. By using a common framework, we are able to view risk from both a top-down and bottom-up perspective and so ensure it is considered and managed at every level of our business.

Guided by this framework, the management of subsidiary companies will include related arising matters in their respective industry during regular risk management meetings and integrate points of concern in order to be vigilant in sustaining business and taking proactive measures in managing their business risk.

On quarterly basis, the Group Risk Management Unit would meet each subsidiary management for a risk review meeting to discuss and review previously identified risks and verify whether any possible crystallisation of risk arising from day-to-day operational activities are addressed accordingly. This exercise which is done on a periodic basis, are a valuable exchange on ideas both ways; understanding the requirements from subsidiary management and at the same time communicating the direction of the Group with regard to risk management.

SUSTAINABILITY INITIATIVES AND ECONOMIC, ENVIRONMENTAL AND SOCIAL (“EES”)

With a revitalised market outlook after the global pandemic, the Group shall continue to refine its approach to adapt to changing business and sustainability landscape and aim to position ourselves ahead by embracing and addressing our social responsibility and aligning our directions with a value ecosystem which will benefit not just the Group alone, but also all across its sphere of influence such as its human capital, the local community and stakeholders alike.

We will continue to use a comprehensive materiality assessment to identify priority areas and set forth initiatives to advance our development in the EES areas to drive our efforts ahead in a more integrated and holistic manner where EES/Sustainability risks and considerations are integrated to the Group’s risk registers and overall risk management framework.

Moving forward, our collection of risk registers at subsidiary level which are related to EES focus areas will be highlighted and realigned to integrate with the Group’s materiality assessment process, and will be further refined towards the objective of the Group’s sustainability goals.

SUSTAINABILITY INITIATIVES AND ECONOMIC, ENVIRONMENTAL AND SOCIAL (“EES”) (continued)

With that in place, we aim to achieve a comprehensive and practical approach to managing risk at the operational level equipped with specific mitigation controls and at the same time aims to achieve strategic goals set out at the Group level for sustainability.

OUR KEY RISKS

Risks affect every area of our business. Their nature and potential impact changes constantly but through our regular reviews, we identify risks that could impact our strategy and allow us to set up controls to mitigate their effects.

We categorise our risks into the following areas:

- **Strategic** risks that could prevent us from achieving our strategic objectives.
- **Operational** risks which, if not successfully managed, would threaten our viability. These relate to our ability to operate a sustainable and safe business.
- **Financial** risks relating to the funding and fiscal security of the Group.
- **Compliance** risks which could affect our compliance with regulations and law and/or our licences to operate the business.
- **EES/Sustainability** risks which are described as an uncertain economic, environmental or social event or condition that, if it occurs, can cause significant negative impact on the Group. Successfully managing this area could see the Group being able to explore opportunities that may be available in changing economic, environmental or social factors to remain sustainable in our operations.

We have listed below the key risks that may affect our business, although there are other risks that may occur and impact the Group’s performance.

| Strategic risks | Strategy for risk management |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Conditions in the global economy, economic fluctuations, volatility and cyclicalities of market and outbreak of diseases or pandemic may adversely affect the results of the Group.</p> | <p>The Group maintains a balanced portfolio of products serving a wide range of end markets around the globe. Segment performance at the business unit level is closely monitored and corrective actions are taken as necessary. For external factor risks which are beyond the control of management, the focus will be on identification, close monitoring and action plans to mitigate the impact. With continuous and steadfast risk management practices, we are confident in gearing our Group towards more sustainable solutions and growth.</p> |

OUR KEY RISKS (continued)

| Strategic risks (continued) | Strategy for risk management (continued) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The markets in which the Group operates are highly competitive and the Group may lose market share to other competitors.</p> | <p>The Group continues to invest in existing and new products through research and development (“R&D”).</p> <p>The Group continues to invest in new facilities to allow the Group to maintain its key market positions.</p> <p>The Group strengthens its regional position and growth through alliances and collaborations.</p> <p>The Group operates quality management systems, such as The International Organisation for Standardisation (“ISO”) and Australian Design Rules for our bus-body fabrication unit, to ensure products meet customers’ agreed standards.</p> <p>The Group maintains a strong and good working relationship with our suppliers and customers to ensure support and regular customer feedback to enhance our products and services.</p> |
| <p>The Group’s strategic plan involves significant change management including cost-effective reforms, joint ventures and tie up with foreign parties to enhance market positions and provide new technologies.</p> | <p>Strategic projects are managed in a structured framework which includes formal identification of risks. The Group has extensive experience in change management and making use of external specialist advice as required.</p> |
| <p>The ability of the Group to compete is highly dependent on its ability to develop technological innovations, introduce new products and protect its intellectual property, trade secrets and know-how.</p> | <p>The Group continues to invest in existing and new technologies through R&D.</p> |
| <p>The ongoing success of the Group is dependent on attracting and retaining high quality senior management and staff who can effectively manage the Group’s operations.</p> | <p>The Group offers competitive compensation packages with annual bonus and long-term incentive arrangements for key employees including granting of shares as a long-term incentive plan to reward eligible employees and to align their interest with the corporate goals and objectives of the Group. Appropriate notice periods and non-compete clauses are used to mitigate short-term risk for key positions.</p> |
| <p>As a multi-national enterprise, the Group could suffer losses of intellectual property and other assets through theft or fraud which could be significant.</p> | <p>The Group maintains controls both to detect and prevent theft and fraud as appropriate to the nature of the risk.</p> |

OUR KEY RISKS (continued)

| Operational risk | Strategy for risk management |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Occupational safety and health risk is the failure in ensuring the safety, health and welfare of people at work as well as protecting other people from the safety and health hazards arising from business activities. | <p>The Group has in place Occupational Safety and Health Act (“OSHA”) standards applicable to the bus-body fabrication and hospitality units as our uncompromising pledge towards excellence and industry recognition.</p> <p>The Group has in place a Group-wide operational assessment on the safety and health at the workplace. This plays a crucial role in ensuring a safe working environment to protect the employees. Such practices will mitigate the risk by containing the spread of the virus/diseases at workplace and reduce hazards at workplace.</p> <p>Different human capital strategies were devised in order to ensure safety, among others, are work from home, shift rotations and alternate leaves, and other measures in compliance to the regulations such as the National Recovery Plan’s Standard Operating Procedure by the National Security Council.</p> |
| The failure of the Group to procure key raw materials may lead to production interruptions and volatility in the prices of such raw materials including energy prices may adversely affect the profitability of the Group and its working capital position. | <p>Sourcing strategies are in place Group-wide to access multiple sources for key raw materials and the Group works closely with key suppliers to ensure availability. The Group looks to identify alternative raw materials where possible.</p> <p>The Group actively manages margins and recovers input cost increases from customers. The Group implements measures for proactive cost management, streamlining of production process and high impact cost, and efficiency awareness for all its employees.</p> |
| The failure or loss of a key production asset, manpower, process, information or communication system, whether temporarily or permanently could occur, directly or otherwise, through natural disasters, epidemic, industrial action, sabotage or the like, and would have an adverse impact on operations. | <p>Crisis management procedures are in place for all subsidiaries. These are reviewed and updated regularly.</p> <p>The Group invests in its infrastructure to ensure appropriate levels of resilience in the event of temporary failures in information technology (“IT”) systems. Backups and disaster recovery plans are in place for critical systems and processes.</p> |
| With increasing use of technology, the Group may be exposed to increased cyber risk such as risk relating to data breaches, and sabotage on information processing and IT system. Such cyber risks can lead to the commercial losses and negative effect on the Group’s businesses. | The Group strategises to be resilient against cyber risk by educating its staff on cyber risk and creating a cyber security culture. Assessment of the cyber risk/threat landscape is followed by risk mitigation planning based on the Group’s risk appetite and implementation of a proactive approach to manage any cyber breach before, during and after it occurs. This is to ensure that critical infrastructure is protected to a level that commensurate with the risks. |

OUR KEY RISKS (continued)

| Compliance risk | Strategy for risk management |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group may be liable for damages based on product liability claims brought against its customers in end-use markets.</p> | <p>Technically qualified personnel and control systems are in place to ensure products meet certification standards.</p> |
| <p>Compliance with extensive environmental, health and safety laws and regulations could require material expenditure, changes in the operations of the Group or site remediation.</p> | <p>Detailed safety, health and environmental processes are documented in operating guidance which is updated and communicated to staff on a regular basis.</p> <p>Our safety, health, and environmental risks are reviewed and considered in our risk management meetings by our respective Risk Management Unit.</p> |
| <p>The Group could suffer substantial penalties, damage to reputation and other sanctions for any failure to control anticompetitive behaviour, such as bribery and corruption, or ineffective compliance with local and national legislation.</p> | <p>All employees affirm their understanding of the code of business conduct covering corrupt and anticompetitive business practices. The Group has in place the Group Anti-Bribery and Anti-Corruption Framework and Policy. Malpractice reporting is similarly covered in the Group Whistleblowing Policy and Procedures on protecting our reputation. Training is provided regularly.</p> <p>Our Group constantly monitors new laws and regulations and assess the impact on our Group businesses. To manage and track compliance issues, the Group appoints compliance officers and conducts internal audits.</p> |
| Financial risks | Strategy for risk management |
| <p>A significant proportion of the Group's turnover and assets are in currencies other than Ringgit Malaysia and fluctuations in currency exchange rates may significantly impact the results of the Group and may significantly affect the comparability of financial results between financial periods.</p> | <p>The Group has a policy of hedging all significant foreign exchange transactional exposure at the operating company level. There is also a natural hedging process at operating subsidiaries as they source their resources locally in countries where they operate.</p> |
| <p>The Group's balance sheet and cash flow, and also credit market conditions and credit ratings, may restrict the ability of the Group to obtain credit facilities or to refinance its existing debt facilities in the longer term. In addition, interest rate fluctuations and increases in bank lending margins may increase the Group's costs of borrowing.</p> | <p>The Group closely monitors its operating cash flow and capital expenditure on a monthly basis and regularly reviews covenant compliance.</p> <p>The Group has a policy on leverage limits and has adequate headroom on a twelve-month forecast basis.</p> <p>Interest rate risk is managed through the use of interest rate hedging by a combination of loans with fixed and variable interest rates and the tenure of the loans.</p> |

OUR KEY RISKS (continued)

| EES/Sustainability risks | Strategy for risk management |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EES/sustainability risks could have a material impact to the Group's operations and investments and/or result in loss in opportunities. | The Group has established sustainability performance framework and identified three (3) key pillars to enhance the monitoring and reporting of our sustainability performance: Sustaining Growth, Empowering Lives and Nurturing Communities. By these main pillars, we are able to further identify specific important areas of interest to be emphasised for its importance towards achieving the Group's sustainable goals. They are among others Product Excellence, Supply Chain Management, Environment Management, Regulatory Compliance, Corporate Governance and Risk Management, Labour Practices and Standards, Diversity, Health and Safety Management and Community/Society. |

Below are some key areas which are being monitored continuously by the Group in 2022:

1. Epidemic Outbreak

Despite the relaxation of travel and social restrictions and the SOPs for COVID-19, the Group took a cautious stand by keeping the outbreak risk in sight across the board with continuous monitoring of the risk and further improving mitigation controls in order to ensure that consequences were minimised. Guided by the National Security Council, we adapted our working SOP to minimise exposure of our employees to the COVID-19. We continued to prepare staff with knowledge and increasing awareness on prevention, health and safety measures and where possible, encourage staff to conduct discussions or meetings via online virtual meeting room, and maintain our constant communication with clients to keep them abreast of the developments in

Malaysia – in this instance, our travel and tours division continued to actively assist clients in their travel plan changes and updating and monitoring travel restrictions, warnings and alerts from other countries and the World Health Organisation.

2. Business Strategy Gap

Revisiting our business strategy remained the key focus of the Group for business revival post COVID-19 pandemic and further considerations were made on how the Group can manage and deploy capital and resources efficiently to protect the Group's businesses and investments. This included review of existing and/or new products and services to ensure that the Group is able to meet future demands and internal controls to navigate future shocks. Maintaining close relationship with all our business partners remains prominent in this turbulent and uncertain economy.

OUR KEY RISKS (continued)**3. Increased Costs and Inefficiencies**

As businesses in the Group recovered from the relaxation of restrictions relating to COVID-19 pandemic, in anticipation of improved sales, the Group undertook measures and plans to gear up the operations resulting in increased expenses. In ramping up its operations, the Group took appropriate cost containment and efficiency measures to cushion volatility in the revenue line and optimise the free cash-flow position. During the year, increasing costs, uncertainties in supply chain, manpower shortages and the lingering COVID-19 pandemic weighed heavily on the Group's operations. Thus, the Group regularly reviewed its operations to address any inefficiency that may exist in pockets of the operations and to redeploy resources, reengineer business processes and/or reorganise the workforce. With operations spanning multiple countries, the Group has cash and bank balances, receivables and payables denominated in foreign currencies hence the Group may be subjected to losses due to foreign exchange fluctuations and instances of foreign business downtime as a result of the pandemic. Without sufficient monitoring and management of our assets and liabilities denominated in foreign currencies, the Group would be incurring higher costs of operations due to the depreciation of currency value and delayed transactions that could lead to loss of market share against foreign competitors. The Group had taken all necessary actions to mitigate the potential risks with meticulous cost and efficiency control, credit control and cash flow measures especially during the unprecedented COVID-19 pandemic years and the post pandemic period when

the restrictions were relaxed. In the review, the Group examined and monitored the controls which are in place to ensure that they are robust to mitigate the risk.

4. Revenue Gap

With the experience gained when the Group's revenue was significantly impacted by the COVID-19 pandemic, the Group has continuously looked into reshaping the businesses and possibilities to further capitalise by enhancing existing products and/or deploying new products to stay relevant. The Group also continued to review factors which may affect the risk of revenue gap such as competition, economic slowdown and dependence on a few key customers and ensured that the controls put in place within the Group are effective. The assessment included whether to terminate the risk through cessation of business or discontinuation of nonperforming product lines or market segments.

5. Non-Compliance

Non-compliance is another key risk area reviewed as the Group operates in many countries and in regulated industries. During the year, the Group ensured compliance with all related regulations governing its various businesses in their respective industries.

6. Human Capital Gap

Reviewing the risk of capacity and competency gaps to meet the Group's human capital requirements is an ongoing focus of the Group to minimise disruption in the operations and to ensure that the Group gets the best person for the job.

OTHER FOCUS OF THE GROUP DURING THE YEAR

The Group aspires to rise to the industry standards and has put emphasis towards meeting our sustainability goals. During the year, we took the initiative to revitalise our sustainability practices accordingly in order to meet the industry demands for a green and sustainable product and/or business solutions and the necessary efforts to realign our measurement targets by bringing together our leaders from all operating divisions for a training and workshop session having in mind to specifically define our targets and putting in place precise measures for this purpose. With this, we will be able to strengthen our Sustainability Performance Management Framework by guiding the Group towards a well-defined target and with direction from the RMSC.

The Group continues to recognise the importance of compliance with laws, rules, regulations and guidelines particularly in corporate governance and corporate liability, set a high expectation on its personnel to conduct themselves with high standard of honesty, integrity and accountability at all times in the performance of their duties and ensure that all activities or services are conducted in compliance with the applicable laws, rules, regulations and guidelines. These policies and procedures provide a bird's-eye view of the Group corporate governance in place, thereby providing additional assurance to our shareholders and stakeholders knowing that the Group has sound governance and operating with integrity and transparency.

The Group also continued to monitor closely its whistleblowing practices with emphasise in observing the policy and procedures that are in place to provide the necessary avenue

and reporting channel for internal staff and external parties – summary of incident report was tabled at every quarterly review meeting of the RMSC. To date, there was no such incident report.

INTERNAL CONTROL SYSTEM

The internal control system focuses on key financial reporting, operational and compliance controls. The system encompasses the policies, processes and activities that contribute to the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with laws and regulations.

The processes applied in reviewing the adequacy and effectiveness of the Group's system of internal control include:

- The presence of the internal audit function that operated independently since 2004 and reporting to the Audit Committee. Each year, improvements are implemented to the internal audit reviews including its objectives, scope and procedures to enhance effectiveness;
- Rigorous review of the quarterly financial results and reports and evaluating the reasons for unusual variances noted thereof by the Board and Audit Committee;
- The Group Managing Director closely monitors the business and operations of the Group and reports to the Board on significant changes in the business and external environment which affect the operations of the Group at large; and

INTERNAL CONTROL SYSTEM (continued)

- The Board has in place an organisational structure with defined lines of responsibility, proper segregation of duties and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on health and safety, training and development, equality of opportunity, staff performance and serious misconduct.

INTERNAL AUDIT FUNCTION

The internal audit adopts a risk-based approach in developing its audit plan based on the Group's key risks profile. Internal audit plan and the scope of the internal audit are presented and approved by the Audit Committee on a yearly basis. The Group's internal audit function is performed by the Internal Auditors (outsourced) who are independent of the activities audited by them. The principal role of the internal audit function is to review the Group's operations, evaluating their efficiency, effectiveness and compliance with corporate policies, procedures, laws and regulations.

In 2022, the Internal Auditors executed the approved audit plan and performed the following:

- Internal controls review on most of the Group's operating units for operating processes relating to revenue, purchasing, disaster recovery, data backup, product development and project management.

- Compliance review on operating units which are required to comply with guidelines and acts issued by external regulatory bodies.
- Reviewed the control procedures taken by the management on recurrent related party transactions.
- Followed-up on the implementation of corrective action plans agreed by the management.
- Issued reports on the results of the internal reviews, identifying weaknesses with recommendations for improvements.
- Tabled internal audit reports at the Audit Committee meeting on a quarterly basis.

The internal audit function provides assurance of the effectiveness of the internal control system within the Group.

Internal Auditors perform risk assessment, operational and system review as part of the audit activities. The areas of audit coverage are based on areas of high risk that are independently assessed. All audit findings are deliberated and resolved with the management of the subsidiaries. Follow-up reviews will subsequently be performed to ascertain the effectiveness of the recommended mitigation efforts.

The Audit Committee reviews the internal audit issues identified and recommendations made by the Internal Auditors on a regular basis, in addition to the recommendations from the external auditors during the annual statutory audit.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The RMSC had reviewed and reported to the Board the adequacy and effectiveness of the Group's risk management system, including the Group's risk tolerance and the enterprise-wide risk governance framework. The Audit Committee had reviewed and reported to the Board the adequacy and effectiveness of the system of internal controls operated by the Group for fiscal 2022 and till its last meeting prior to the date of the Annual Report. The Board considers the system of internal controls described in this Statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board had received assurance from the Group Managing Director and Senior Accounts Manager of the Company that the Group's risk management and internal control system for the current Group's business environment is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

The Board and the management of the Group will continuously take measures to strengthen and monitor the internal control framework and environment of the Group. For the financial year under review, the Board is satisfied that the system of internal controls is satisfactory and there are no material losses incurred during the current financial year as a result of weaknesses in internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors had reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2022 in accordance with paragraph 15.23 of the Listing Requirements of Bursa Securities and reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared in all material aspects in accordance with the disclosures required under paragraphs 41 and 42 of the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) nor is it factually inaccurate.

AAPG 3, Guidance for Auditors on the Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, does not require the external auditors to consider whether the Directors' statement on risk management and internal controls covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control procedures including the assessment and opinion by the Board and management thereon. They are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will in fact remedy the problems.

2022

CORPORATE GOVERNANCE

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Our Corporate Information

BOARD OF DIRECTORS

Dato' Ahmad Sebi Bakar
Group Chair

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chair

Lee Su Nie
Group Managing Director

Puan Sri Datin Masri Khaw Abdullah
Non-Independent Non-Executive Director

Yong Teck Ming
Non-Independent Non-Executive Director

Aryati Sasya Dato' Ahmad Sebi
Non-Independent Non-Executive Director

Rali Mohd Nor
Independent Non-Executive Director

Chim Wai Khuan
Independent Non-Executive Director

Datuk Hardew Kaur a/p Hazar Singh
Independent Non-Executive Director

AUDIT COMMITTEE

Chim Wai Khuan
Chair

Rali Mohd Nor
Member

Yong Teck Ming
Member

**Datuk Hardew Kaur a/p
Hazar Singh**
Member

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Rali Mohd Nor
Chair

Aryati Sasya Dato' Ahmad Sebi
Member

**Datuk Hardew Kaur a/p
Hazar Singh**
Member

NOMINATION COMMITTEE

**Datuk Hardew Kaur a/p
Hazar Singh**
Chair

Puan Sri Datin Masri Khaw Abdullah
Member

Rali Mohd Nor
Member

REMUNERATION COMMITTEE

Rali Mohd Nor
Chair

Aryati Sasya Dato' Ahmad Sebi
Member

**Datuk Hardew Kaur a/p
Hazar Singh**
Member

COMPANY SECRETARY

Ho Tsae Feng (MAICSA 7028522)

REGISTERED OFFICE

Ground Floor, Synergy 9
9 Jalan Kajibumi U1/70
Temasya Glenmarie
40150 Shah Alam
Selangor
Tel : 03-5192 8822
Fax : 03-5192 8811

SHARE REGISTRAR

Sectrars Management Sdn Bhd
Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur
Tel : 03-2276 6138/ 6139/ 6130
Fax : 03-2276 6131

AUDITORS

**Baker Tilly Monteiro Heng PLT
Chartered Accountants**
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

PRINCIPAL BANKER

CIMB Bank Berhad Hong Leong Bank Berhad Affin Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.asb.com.my

Our Board

Dato' Ahmad Sebi Bakar

Group Chair (age 75)

Dato' Ahmad Sebi Bakar is a Non-Independent Non-Executive Director and the Group Chair of Advance Synergy Berhad. He was appointed to the Board on 9 April 1991 and redesignated from Executive Chair to Group Executive Chair on 28 September 2012. On 1 September 2017, he was redesignated to Non-Executive Group Chair.

Dato' Ahmad Sebi holds a Bachelor of Arts (Hons) from the University of Malaya, Kuala Lumpur, a Diploma in Journalism from the Thomson Foundation, United Kingdom and a Master of Arts from Michigan State University, United States of America.

He was the Editor of the Malay Mail, a member of the New Straits Times Press Group from 1976 to 1982 and subsequently the Group Editor of Berita Harian from 1983 to 1986. From 1986 to 1989, he was the Managing Director of Sistem Televisyen Malaysia Bhd and a director of the New Straits Times Press Group from 1988 to 1989.

He was also the Non-Executive Chair of Unified Communications Holdings Limited (now known as Captii Limited), an indirect subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited, from December 2003 to June 2006. Besides, he had held both the positions as Executive Chair and Managing Director of Kumpulan Powernet Berhad from 12 January 2002 to 28 August 2015.

He was conferred the Ahli Mangku Negara (A.M.N.) by the Yang Di-Pertuan Agong, DYMM Tuanku Haji Ahmad Shah Al-Mustain Billah Ibni Almarhum Sultan Abu Bakar in 1983, the Justice of Peace (J.P.) by DYMM Sultan Azlan Muhibbuddin Shah Ibni Almarhum Sultan Yusoff Izzuddin Shah Ghafarullah, Sultan of Perak, in 1986 and the Dato' Setia Diraja Kedah (D.S.D.K.) by DYMM Tuanku Alhaj Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah, Sultan of Kedah, in 1988.

Dato' Ahmad Sebi Bakar (continued)

He is actively involved in social and charitable work and is the Chair of several non-profit organisations, namely, the privately funded Orphanage Foundation of Malaysia (YATIM) and in the past the Bosnia Action Front, Malaysia. He was also the President of the Malaysian National Writers Association (PENA) from 1992 to 2008.

Dato' Ahmad Sebi is a substantial shareholder of Advance Synergy Berhad. He is also a substantial shareholder and a director of Suasana Dinamik Sdn Bhd and Bright Existence Sdn Bhd, companies that are also substantial shareholders of Advance Synergy Berhad.

Except for his daughter, Sasya who is a Non-Independent Non-Executive Director and his son, Anton, who is the Group Executive Deputy Chair, Dato' Ahmad Sebi does not have any family relationship with any other director or major shareholder of Advance Synergy Berhad. And he has no conflict of interest with Advance Synergy Berhad.

Dato' Ahmad Sebi has not been convicted for any offences within the past 5 years and no public sanction or penalty has been imposed by the relevant regulatory bodies during the financial year.

Anton Syazi Dato' Ahmad Sebi

Group Executive Deputy Chair (age 45)

Mr Anton Syazi Dato' Ahmad Sebi was appointed to the Board on 27 February 2017 and was subsequently redesignated as Executive Deputy Chair on 1 September 2017.

Anton graduated from the London School of Economics, University of London, with a Bachelor of Science in Economics. He has a Master of Arts in Finance and holds an Investment Management Certificate awarded by the UK Society of Investment Professionals.

Anton is also Group Executive Director of Captii Limited ("Captii"), a 58.3%-owned subsidiary of Advance Synergy Berhad and Chair of Captii Ventures Pte Ltd and Postpay Sdn Bhd, both Captii subsidiaries. He has been a member of the Captii Board since 22 June 2006 and was previously Group Chief Executive Officer of Captii from 10 August 2010 to 31 August 2017 and Group Deputy Chief Executive Officer from December 2005 to 9 August 2010.

Anton is Chair of Paydee Sdn Bhd and Qurex Sdn Bhd, the fintech subsidiaries of Advance Synergy Berhad, and sits on the board of various other subsidiaries within the Group including subsidiaries under the Group's property investment unit. He has also been a

Non-Executive Director of SJ Securities Sdn Bhd since 20 September 2005 and a Director of SJ Capital Berhad, a non-listed public company since 2 March 2020.

Prior to joining Advance Synergy Berhad in June 2001, Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad, except that his father, Dato' Ahmad Sebi, is the Group Chair and substantial shareholder of Advance Synergy Berhad. Anton is a director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd, substantial shareholders of Advance Synergy Berhad. His father, Dato' Ahmad Sebi, is also a substantial shareholder and director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd. His sister, Sasya, is also a Non-Independent Non-Executive Director of Advance Synergy Berhad. Anton has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Lee Su Nie

Group Managing Director (age 62)

Ms Lee Su Nie is a Non-Independent Director and the Group Managing Director of Advance Synergy Berhad. She was appointed to the Board on 9 July 2007 and redesignated from Executive Director/Chief Executive Officer to Group Managing Director on 28 September 2012.

Su Nie holds a Bachelor of Commerce (Accounting) degree from the University of Birmingham, United Kingdom and a Master of Science (Business Administration) from the University of Bath, United Kingdom. She is also a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

In 1985, she joined Kassim Chan Management Consultants Sdn Bhd where she provided management consultancy services. She joined the Corporate Finance Department of Rakyat Merchant Bankers Berhad in 1989. In 1991, she left Rakyat Merchant Bankers Berhad to join Perdana Merchant Bankers Berhad. She subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995

as Assistant General Manager, Corporate Planning & Finance. She was subsequently appointed the Group General Manager, Operations of Advance Synergy Berhad prior to her appointment as Chief Executive Officer on 22 April 2004.

She is a Non-Independent Non-Executive Director of Captii Limited, an indirect subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited. Su Nie has been a member of the Captii Limited Board since 18 December 2003 and was the Non-Executive Chairman of Captii Limited from 22 June 2006 to 10 August 2010. She also sits on the board of other subsidiaries of Advance Synergy Berhad including Cherating Holiday Berhad, a non-listed public company.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Puan Sri Datin Masri Khaw Abdullah

Non-Independent Non-Executive Director (age 70)

Puan Sri Datin Masri Khaw Abdullah is a Non-Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 6 January 1995.

Puan Sri Datin Masri was one of the first Asians to complete the General Manager's Programme at the Holiday Inn University in Memphis, USA in 1976. In 1982, she completed a summer course on Hotel Development & Design at Cornell University, USA and had undergone Hotel training in Singapore and Canada.

She was awarded the Best Marketing Person of the Year for Holiday Inn Hotels Asia Pacific in 1985. Puan Sri Datin Masri played a key role when Antara Holiday Villas Sdn Bhd garnered several awards namely, the Special Award for Quality Management in the Industry Excellence Award 1997 (organised by the Ministry of International Trade and Industry and received this prestigious award from the former Prime Minister Tun Dr. Mahathir Mohamad on 18 December 1997),

the National HR Excellence Award 2004 and the Industry Excellence Award 2005 – Export Excellence (Services). Her experience in the hotel industry dates back to 1969 and she has since contributed significantly to the development of new hotels. She was the co-founder of Holiday Villa chain in 1987 with the opening of the 1st Holiday Villa Cherating.

She also sits on the board of several subsidiaries of Advance Synergy Berhad under the hospitality unit.

Puan Sri Datin Masri is a member of the Nomination Committee of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Yong Teck Ming

Independent Non-Executive Director (age 69)

Mr Yong Teck Ming was appointed to the Board as an Independent Non-Executive Director and as Chair of the Audit Committee on 9 July 2007 until 7 April 2023. From 7 April 2023 he was re-designated as a Non-Independent Non-Executive Director and as a member of the Audit Committee. He also served as Chair of the Risk Management Committee from 1 October 2007 until 1 August 2021.

He holds a Bachelor of Commerce Degree from the University of Auckland, New Zealand. He is a member of Chartered Accountants Australia, New Zealand and a member of the Chartered Governance Institute (previously known as Institute of Chartered Secretaries and Administrators, United Kingdom).

Teck Ming started his career in New Zealand in 1973 and worked in several accounting positions before returning to Malaysia in February 1979. From March 1979 to January 1995, he served in various positions in the Berjaya Group of Companies including as Group Executive Director from February 1988 until January 1995. He currently sits on the board of several private limited companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Aryati Sasya Dato' Ahmad Sebi

Non-Independent Non-Executive Director (age 48)

Ms Aryati Sasya Dato' Ahmad Sebi is a Non-Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 7 March 2013.

Sasya holds a Bachelor of Commerce from Deakin University, Australia, a Diploma in Economics from La Trobe University, Melbourne and a Master of Finance from RMIT University, Melbourne.

Aryati Sasya Dato' Ahmad Sebi (continued)

Her early career included working as a Research Analyst at SJ Securities Sdn Bhd, a well-established stockbroking company in Malaysia. Her time there allowed her to develop her analytical skills, which she later applied in her work in the retailing and mining industries. In 2002, Sasya transitioned into the retail industry and took on a consulting position with a local specialised men's retailer in Melbourne. As part of her role, she was responsible for the day-to-day management of the company and prepared sales and market forecasts for the board of directors. This experience gave her valuable insights into the operations of a retail business, honed her management skills, and provided her an appreciation for the importance of understanding customer behaviour and market trends.

Within the same period, Sasya was appointed as a Director of Tantalum Australia NL, now known as Prodigy Gold NL, a public listed company in Australia. During her time on the board, she gained considerable knowledge of the mining sector and expanded her financial analysis skills to include some technical analysis of the commodities sector. Her experience in this role has given her a deep understanding of the intricacies and challenges of the mining industry. She resigned from the board in 2006.

In addition to her experience in corporate management and the mining industry, Sasya has gained valuable experience in events management and brand consultancy through her own company, which she founded in 2013. As the founder and CEO of this company, she was responsible for conceptualising and executing various events and marketing campaigns, and honed her skills in project management, marketing, and brand strategy.

Throughout her 20-year career, Sasya has demonstrated a proven track record of effectively managing diverse teams, fostering a positive company culture, implementing successful brand engagement programmes and providing a unique perspective on business operations.

Presently, she sits on the board of various companies incorporated in Malaysia (including Cherating Holiday Villa Berhad, a non-listed public company and subsidiary of Advance Synergy Berhad) and overseas. She continues to remain active in the corporate industry and also participates in various cultural arts engagement projects in a consulting capacity.

Sasya is the Chief Executive Officer of Metroprime Corporation Sdn Bhd (an education subsidiary of Advance Synergy Berhad); a member of the Risk Management and Sustainability Committee and Remuneration Committee of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad, except that her father, Dato' Ahmad Sebi, is the Group Chair and substantial shareholder of Advance Synergy Berhad. Her brother, Anton, is the Group Executive Deputy Chair and also a director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd, both companies are substantial shareholders of Advance Synergy Berhad. Her father, Dato' Ahmad Sebi, is also a substantial shareholder and director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Rali Mohd Nor

Independent Non-Executive Director (age 69)

Mr Rali Mohd Nor is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 10 March 2016.

Rali holds a Master of Business Administration (Finance) from Brunel University London, Advance Post Graduate Diploma in Management Consultancy from Henley Business School, University of Reading, United Kingdom, Diploma in Management (Merit) from Malaysian Institute of Management, Kuala Lumpur and Diploma in Syariah (Merit) from University of Malaya, Kuala Lumpur.

He was formerly the Managing Director and Chief Executive Officer of Proton Parts Centre Sdn Bhd, a subsidiary company of PROTON Holdings Berhad since 2003 until his retirement in February 2015. Prior to that, he was the Chief Financial Officer of Proton Parts Centre Sdn Bhd for more than 10 years. He joined PROTON in 1985 as a Production Planning Manager and progressed to serve in International Business Division as a Senior Manager of Parts Business for 6 years. He started his career in Dunlop Malaysian Industries Berhad in 1977 as a Management Trainee and later on served as Planning Superintendent in the Planning Department. He has worked in Dunlop for 8 years before joining PROTON.

He is a Fellow Member of the Institute of Leadership and Management, United Kingdom. He is also a member of the Chartered Institute of Marketing, United Kingdom, the Malaysian Institute of Management and the Harvard Business School Alumni Club of Malaysia. He has attended Senior Management Development Program at Harvard Business School Alumni Club of Malaysia and Advance Management Program at Henley Business School.

Rali is a member of the Audit Committee and Nomination Committee. He is also the Chair of the Remuneration Committee and Risk Management and Sustainability Committee of Advance Synergy Berhad.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chim Wai Khuan

Independent Non-Executive Director (age 72)

Mr Chim Wai Khuan is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 7 April 2023.

Mr Chim is a member of the Malaysian Institute of Accountants. He has vast experience in the areas of accounting, audit, tax and corporate secretarial as well as consultancy matters, having served in various capacities both in the United Kingdom and in Malaysia since 1975. Currently, he practices as a Corporate and Management Consultant and also manages his own audit practice under the name of WKC & Co.

Mr Chim is the Chair of the Audit Committee. He was formerly an Independent Non-Executive Director and member of the Audit Committee of Advance Synergy Berhad from December 2001 to March 2013.

Mr Chim is also a non-independent non-executive director of United U-Li Corporation Berhad. He also sits on the board of several private limited companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Datuk Hardev Kaur Hazar Singh

Independent Non-Executive Director (age 73)

Datuk Hardev Kaur Hazar Singh (Datuk Hardev) is an Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 7 April 2023.

Datuk Hardev holds a Bachelor of Arts in Economics (Hons) from the University of Malaya and a Masters in Public Administration (MPA) from Harvard University, USA (1998).

She has extensive experience in journalism and communications since 1974, having worked in Radio Television Malaysia (RTM), Malaysian Business, Business Times newspaper and the New Straits Times. She was the editor of Business Times from 1994 to 2007 and from 1991 to 1992, she was also the News and Current Affairs Manager of Sistem Televisyen Malaysia Bhd (TV3). She served as Head of Corporate Affairs at the Securities Commission from 2007 to 2009 and as a Special Officer in the Prime Minister's office from 2009 to 2016.

Datuk Hardev has received numerous awards and recognition for her work in journalism. She was the recipient of the Editor of the Year award from the Manila-based The Press Foundation of Asia in 1983.

She was conferred the Ahli Mangku Negara (A.M.N.) by the Yang di Pertuan Agong, Duli Yang Maha Mulia Tuanku Salahuddin Abdul Aziz Shah Ibni Al-Marhum Sultan Hisamuddin Alam Shah Al-Haj and subsequently, the Panglima Jasa Negara (P.J.N.) by the Yang di Pertuan Agong Duli Yang Maha Mulia Tuanku Mizan Zainal Abidin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah in 2010.

In addition to her professional experience, Datuk Hardev continues to be a member of the privately funded Orphanage Foundation of Malaysia (YATIM) since 1993 and has served as a Committee member of the Malaysian Women Journalist Association (PERTAMA) and the National Press Club in the 1980s.

Datuk Hardev is the Chair of the Nomination Committee and a member of the Audit Committee, Remuneration Committee and Risk Management and Sustainability Committee.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Our Company Secretary

Ho Tsae Feng

Company Secretary and Group Secretarial Manager (age 53)

Ms Ho Tsae Feng, is the Company Secretary and Group Secretarial Manager of Advance Synergy Berhad. She joined Advance Synergy Berhad on 2 September 2003 as the Group Secretarial Manager and assumed an additional position as Company Secretary of Advance Synergy Berhad on 28 October 2003. Tsae Feng is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators. She is a qualified Chartered Secretary and a Chartered Governance Professional.

Prior to joining Advance Synergy Berhad, she was with The Malayan United Industries Berhad Group as an Assistant Company Secretary from March 2000 until August 2003. From April 1997 to March 2000, she was a Senior Secretarial Assistant with Corporatehouse Services Sdn Bhd, an

affiliate to PricewaterhouseCoopers providing corporate secretarial services.

From September 1995 to April 1997, she was attached to Ekovest Berhad, a public listed company, as Assistant Company Secretary. She has more than 25 years' experience in corporate secretarial services.

Tsae Feng does not hold any directorship in public companies.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Our Key Management

CORPORATE OFFICE

Dato' Ahmad Sebi Bakar
Group Chair

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chair

Lee Su Nie
Group Managing Director

Sng Ngiap Koon
Chief Operating Officer – Asset Development

Yap Chee Kong
General Manager – Corporate Services

Aaron Wong Ching Ping
Senior Accounts Manager

Ho Tsae Feng
Group Secretarial Manager

HEADS OF GROUP DIVISIONS

INFORMATION & COMMUNICATIONS TECHNOLOGY

• CAPTII LIMITED

Wong Tze Leng
Group Executive Chair

Anton Syazi Dato' Ahmad Sebi
Group Executive Director

TRAVEL & TOURS

• ORIENT ESCAPE TRAVEL SDN BHD

Cheah Ping Huey
Executive Director

• SYNERGY TOURS SDN BHD

Cheah Ping Huey
Chief Executive Officer

FINANCIAL SERVICES

• PAYDEE SDN BHD

Anton Syazi Dato' Ahmad Sebi
Chair

Cheah Foo Choong
Chief Executive Officer

• QUREX SDN BHD

Anton Syazi Dato' Ahmad Sebi
Chair

Cheah Foo Choong
Executive Director

BUS-BODY FABRICATION

• AVIVA MASTER COACH TECHNOLOGY SDN BHD

Yap Chee Kong
Managing Director

PROPERTY DEVELOPMENT & INVESTMENT

• ADVANCE SYNERGY REALTY SDN BHD

Sng Ngiap Koon
Executive Director / Chief Operating Officer

• CHERATING HOLIDAY VILLA BERHAD

• LANGKAWI HOLIDAY VILLA SDN BHD (Assets managed by Holiday Villa)

Sng Ngiap Koon
Director

• SHANGHAI HOLIDAY VILLA HOTEL CO. LTD. (Assets managed by Holiday Villa)

Puan Sri Datin Masri Khaw Abdullah
Director

• 57-59 PHILBEACH GARDENS LIMITED

• YAP AH SHAK HOUSE SDN BHD

Anton Syazi Dato' Ahmad Sebi
Director

• OSTERIA GAMBERONI SDN BHD

(F&B Operation)

Aryati Sasya Dato' Ahmad Sebi
Director

EDUCATION

• METROPRIME CORPORATION SDN BHD

Aryati Sasya Dato' Ahmad Sebi
Chief Executive Officer

• THE LANGUAGE HOUSE

Patricia Mary Jayasuriya @ Cecilia
Principal

Our Group Senior Management

Wong Tze Leng (age 58)

• *Group Executive Chair of Captii Limited*

Mr Wong Tze Leng was appointed the Group Executive Chair of Captii Limited, a 58.3%-owned subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited on 10 August 2010. He previously served as Group Chief Executive Officer of Captii Limited, a position he held since 22 December 2002 until his appointment as Executive Chair.

Tze Leng has over 30 years' experience in the information technology industry, with specific expertise in the telecommunications sector. He started his career in 1988 as an Engineer in the Singapore Institute of Standards & Industrial Research's design and development centre. He gained specialised expertise in computer telephony technology when he joined Federal Computer Services Pte Ltd in 1990 as a Software Engineer and later progressed to the position of Software Manager.

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous

IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Captii Limited Group.

Tze Leng graduated from Monash University, Victoria, Australia, with a Bachelor's degree in Computer Science in 1985 and subsequently obtained a Bachelor's degree in Electrical and Electronic Engineering in 1987 from the same university.

Tze Leng also sits on the board of various private limited companies including subsidiaries of Advance Synergy Berhad. He does not hold any directorship in other public companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad, save for his substantial shareholding in Captii Limited. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Sng Ngiap Koon (age 75)

- Chief Operating Officer – Asset Development of Advance Synergy Berhad
 - Executive Director/Chief Operating Officer of Advance Synergy Realty Sdn Bhd
-

Mr Sng Ngiap Koon was appointed the Executive Director/Chief Operating Officer of Advance Synergy Realty Sdn Bhd on 14 July 2007 and the Chief Operating Officer – Asset Development of Advance Synergy Berhad on 28 September 2012.

Ngiap Koon is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Prior to 1984, he was working in London, England. Between 1984 to 1985, he was the Group Accountant of Innovest Berhad. He joined Advance Synergy Berhad in 1986 as the Group Accountant. In 1987, he was appointed the Group Financial Controller of Advance Synergy Berhad. Prior to his appointment as the Executive Director of Advance Synergy

Berhad in 2003 till 2006, he held the positions of Senior Group General Manager and Company Secretary. He was also a Director of Advance Synergy Berhad from 1988 to early 1991.

Ngiap Koon currently sits on the board of various subsidiaries of Advance Synergy Berhad including Cherating Holiday Villa Berhad, a non-listed public company.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Yap Chee Kong (age 55)

- General Manager – Corporate Services of Advance Synergy Berhad
- Financial Controller of Advance Synergy Capital Sdn Bhd
- Managing Director of Aviva Master Coach Technology Sdn Bhd

Mr Yap Chee Kong was appointed as a Financial Controller of Advance Synergy Capital Sdn Bhd in October 2001 and General Manager – Corporate Services of Advance Synergy Berhad on 28 September 2012. He was appointed as the Managing Director of Aviva Master Coach Technology Sdn Bhd on 27 March 2017.

He is a qualified accountant by training and prior to joining Advance Synergy Capital Sdn Bhd, he was an audit manager with PricewaterhouseCoopers. During his time with PricewaterhouseCoopers, he gained extensive experience in auditing where he held a portfolio of public listed companies involved in diverse range of industries, which included financial institutions and stock broking companies. He also has experience in financial advisory work and was actively involved in due diligence review, technical research, training and recruitment. He was

also involved in special audit and special business approval certification of stock broking companies.

He also sits on the board of various subsidiaries and an associate company of Advance Synergy Berhad. He does not hold any directorship in public companies.

Chee Kong is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants, England.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Cheah Ping Huey (age 51)

- Executive Director of Orient Escape Travel Sdn Bhd
- Chief Executive Officer of Synergy Tours Sdn Bhd

Ms Cheah Ping Huey (Agnes) joined the Travel and Tours Division of Advance Synergy Berhad in 2004 and was appointed the Executive Director of Orient Escape Travel Sdn Bhd on 12 April 2007. Since joining the Group, she has held several positions in the Group including the current positions.

With over 20 years' working experience, Agnes has served at management level in various international hotels including Guoman Hotels Group and Nikko Hotel.

Upon graduating from Stamford College with a Diploma in Business Administration in early 90's, she began her career as a Banquet Sales Secretary in Istana Hotel. She accumulated her experience in sales as a Sales Executive and worked her way up the corporate ladder while studying Hotel Management Diploma Course. She was awarded the Youngest Director of Sales, Corporate Division by Nikko Hotel in 2000 and Most Outstanding Sales Achievement in 2001. Her other accomplishments include spearheading the hotels pre-opening Sales & Marketing Team of Guoman Hotels Group in Port Dickson and Hanoi.

In 2002, Agnes took on a new challenge and joined the travel industry. She was appointed as General Manager in a Japanese-owned travel agency, Intersect Travel and Tour Sdn Bhd. Her acute insight and quick execution was quickly noted and in 2004, she was appointed the General Manager of Orient Escape Travel Sdn Bhd, a subsidiary of Advance Synergy Berhad and has since grown the company into one of the leading travel agency in Malaysia. In 2007, she was promoted to her current position as the Executive Director of Orient Escape Travel Sdn Bhd. Agnes was appointed the Chief Executive Officer of Synergy Tours Sdn Bhd on 1 January 2016.

Agnes does not hold any directorship in public companies.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Cheah Foo Choong (age 49)

• Executive Director and Chief Executive Officer of Paydee Sdn Bhd and Qurex Sdn Bhd

Mr Cheah Foo Choong (Darren) was appointed as Executive Director and Chief Executive Officer of Qurex Sdn Bhd (“Qurex”) in August 2019. He joined Qurex in August 2018 as General Manager of Business Development. He was also serving as Head of Merchant Business for Paydee Sdn Bhd (“Paydee”) since August 2018, and was appointed as Director of Paydee in December 2019 and subsequently he was redesignated as Executive Director on 28 October 2020 and Chief Executive Officer on 23 December 2020.

Darren started his career in 1996 in the advertising and promotions department of The Store and progressed to the position of Assistant Manager of their loyalty rewards programme. In 2004, he joined Unrealmind Interactive Berhad, a pioneer in the premium SMS business in Malaysia as Manager in the Advertising & Promotions department where he led and managed the advertising and promotion activities of the company’s core products. In 2006, Darren was with R&D Media Malaysia Sdn Bhd, a Dutch premium SMS business as their Regional Manager-Marketing and Content. He then progressed to the position of General Manager in 2008, reporting to the Group CEO based in Amsterdam before joining the Captii Limited

Group in June 2010 as General Manager for Mobilization Sdn Bhd (now known as Postpay Sdn Bhd) and was responsible for the overall business operations.

On 1 June 2017, Darren was appointed as the General Manager of Service Management under Unified Communications Sdn Bhd (“UC”) and was promoted to the position of Deputy Head of Business Development, and subsequently re-designated as Head of Business Development of UC and also the Country Head as well as Chief Executive Officer for UC Pakistan.

Darren holds a Masters in Business Administration (MBA) degree from Nottingham Trent University.

Darren does not hold any directorship in public companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. Darren has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Patricia Mary Jayasuriya @ Cecilia (age 66)

• *Principal of The Language House*

Ms Patricia Mary Jayasuriya is the Principal of Pusat Bahasa The Language House (“TLH”), the education unit of Advance Synergy Berhad.

Patricia brings almost four decades of experience in education both in Malaysia and Hong Kong to TLH.

A psychology graduate of the University of Manchester, Patricia went on to take a postgraduate qualification in business administration from Cranfield University. She has both professional and academic qualifications in Teaching of English as a Second Language and has successfully completed the American Hotel and Lodging Institute’s Certified Hospitality Educator programme.

Patricia takes a hands-on approach in management and is passionate about maintaining quality in education especially in teaching standards and curricular.

Patricia does not hold any directorship in public companies.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Notes:

The key senior management are all Malaysian. The profiles of the following key senior management who are also Directors of Advance Synergy Berhad are set out in the Directors’ Profile on pages 69 to 78 of this Annual Report:

1. Puan Sri Datin Masri Khaw Abdullah

- *Director of Shanghai Holiday Villa Hotel Co. Ltd.*

2. Mr Anton Syazi Dato’ Ahmad Sebi

- *Group Executive Director of Captii Limited*
- *Chair of Paydee Sdn Bhd and Qurex Sdn Bhd*
- *Director of 57-59 Philbeach Limited and Yap Ah Shak House Sdn Bhd*

3. Ms Aryati Sasya Dato’ Ahmad Sebi

- *Chief Executive Officer of Metroprime Corporation Sdn Bhd*
- *Director of Osteria Gamberoni Sdn Bhd*

Governance

The Board has included **gender balance** as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Currently, we have four (4) women directors representing 44.44% of the Board of nine (9) members.

COMMITTED TO THE HIGHEST STANDARDS

Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2021 (“the Code”). This Corporate Governance Overview Statement describes how the Board has applied the main practices of good governance, as set out in the Code, during the year under review.

HOW WE GOVERN THE COMPANY

The Board leads the Group’s governance framework; it is responsible for setting the strategic targets for the Group, monitoring progress made, approving proposed actions and for ensuring that the appropriate internal controls are in place and that they are operating effectively.

The Board is assisted by four (4) principal committees (Audit, Nomination, Remuneration, and Risk Management and Sustainability), each of which is responsible for reviewing and dealing with matters within its own terms of reference (“TOR”). At scheduled Board meetings, the minutes of all committee meetings are circulated. All the non-executive directors are members of all principal committees. The Chair of the Board is not a member of the Audit Committee, Nomination Committee, Remuneration Committee or Risk Management and Sustainability Committee. Individual reports from each principal committee can be found on pages 95 to 106 of this Annual Report.

The roles and responsibilities of the Board and the Board Committees as well as the relationship with the management are clearly set out and with clear accountability.

BOARD COMPOSITION AND SUCCESSION

The Board is made up of nine (9) members, comprising the Group Chair, Group Executive Deputy Chair, Group Managing Director, three (3) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The age of our Board members ranges from 45 to 75 years. The current Directors bring a wide range of business and financial experience, skills and knowledge necessary for the effective stewardship of the Group. Profiles of the Directors are set out on pages 69 to 78 of this Annual Report.

Each of the Independent Non-Executive Directors is considered independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement. The Board considers that each Independent Non-Executive Director brings their own senior level of experience, gained within their field.

Although the Group Chair, Dato' Ahmad Sebi Bakar, is also a major shareholder, the Board believes that the Group Chair has always acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholder values and the financial performance of the Group.

Succession planning for the Board is an on-going process to ensure the Board's continued effective performance through leadership continuity. The Board assesses the competencies and composition of the Board taking into consideration the challenges faced by the businesses of the Group and also assesses the competencies of each existing director. Succession planning at executive management level is also being reviewed on

an on-going process basis and at present is stable.

Diversity and gender balance

The Board recognises diversity in the boardroom as a critical element for efficient functioning of the Board and good governance practices. The Board also believes that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance. Hence, the appointment of Board members and senior management not only takes into consideration the objective criteria and merit but also gives due regard for diversity in skills, experience, age, cultural background and gender.

The Board has included gender balance as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Currently, we have four (4) women directors representing 44.44% of the Board of nine (9) members.

The remuneration for all Directors including Executive Directors is determined at levels so as to ensure that the Company attracts and retains the right calibre of Directors needed for the successful performance of the Group. The Remuneration Committee Report is set out on pages 104 to 106 of this Annual Report.

LEADERSHIP AND RESPONSIBILITIES

The Board is committed to ensure that it provides leadership to the business as a whole, having regards to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the Group's strategy, value and standards.

LEADERSHIP AND RESPONSIBILITIES

(continued)

The Board has a formal schedule of matters reserved for its decision as follows:

- Strategy and management
- Communication
- Board membership and other appointments
- Remuneration
- Financial reporting and controls
- Delegation of authority
- Internal controls
- Corporate governance matters
- Contracts/acquisitions/disposal
- Dividend Policy
- Capital structure
- Other matters

The Board together with the Management take responsibility for the governance of sustainability in the Group which may include setting the Group's sustainability strategies, priorities and targets. Material sustainability issues, considerations, risks and opportunities of the Group are set out in the Sustainability Statement on pages 25 to 54 of this Annual Report.

The Board also acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Company's assets. The Board through the Risk Management and Sustainability Committee and Audit Committee will review the adequacy, integrity and effectiveness of the Group's risk management framework and internal control system periodically. The Risk Management and Sustainability Committee and Audit Committee reports can be found on pages 55 to 66 and pages 95 to 98 respectively of this Annual Report.

The presence of three (3) Independent Non-Executive Directors making up one-third (1/3) of the total number of Directors fulfills a pivotal role in ensuring that there is balance of power and authority. Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully deliberated upon, and take into account the long term interests of the shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Together, their representations on the Board fairly reflect the investment of the minority shareholders of the Company and in addition carry sufficient weight for decision making.

INDEPENDENCE OF DIRECTORS

The Board, through the Nomination Committee, evaluates the independence of its independent directors annually in accordance with the criteria as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Independent Directors are required to affirm their commitment to bring independent and objective judgement upon their appointments and annually thereafter.

During the financial year ended 31 December 2022, the Board, through the Nomination Committee, has conducted such assessment on all the Independent Directors and each Independent Director has confirmed his/her independence to the Nomination Committee. Based on the said assessment, the Board 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 during deliberation at meetings of the Board and Board Committees.

INDEPENDENCE OF DIRECTORS

(continued)

The Code stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent Director. In addition, pursuant to Bursa Malaysia Berhad's letters dated 19 January 2022 and 25 May 2022 on the tenure of an independent director, all long-serving Independent Directors of more than twelve (12) years must resign or be re-designated as Non-Independent Directors by 1 June 2023.

That notwithstanding, the Nomination Committee may assess and assist the Board in recommending, and providing justification for shareholders' consideration and approval through a two-tier voting process in the event the Board intends to retain an Independent Director after serving a cumulative nine-year term.

The shareholders of the Company had at the 98th Annual General Meeting ("AGM") which was held on 30 June 2022 approved to retain Mr Yong Teck Ming as an Independent Non-Executive Director of the Company beyond the twelfth (12th) year through a two-tier voting process (i.e. separate approval by controlling and non-controlling shareholders). Mr Yong Teck Ming has served more than fifteen (15) years as an Independent Non-Executive Director of the Company since his appointment to the Board on 9 July 2007.

Furthermore, subsequent to 31 December 2022, Ms Kam Kin Foong, an Independent Non-Executive Director, has expressed her

intention to resign from the Board due to personal reasons and consequentially to relinquish her position as the Chair of the Nomination Committee and a member of the Audit Committee, Risk Management and Sustainability Committee and Remuneration Committee.

In view of the aforesaid, the Nomination Committee met in March 2023 to consider the following changes to the Board and Board Committees:

- (a) Mr Yong Teck Ming to be re-designated as a Non-Independent Non-Executive Director;
- (b) Mr Yong Teck Ming to be re-designated from the Chair of the Audit Committee to a member of the Audit Committee;
- (c) Ms Kam Kin Foong, an Independent Non-Executive Director, to resign from the Board due to personal reasons and consequentially to relinquish her position as the Chair of the Nomination Committee and a member of the Audit Committee, Risk Management and Sustainability Committee and Remuneration Committee;
- (d) Mr Chim Wai Khuan to be appointed as an Independent Non-Executive Director and the Chair of the Audit Committee; and
- (e) Datuk Hardev Kaur a/p Hazar Singh to be appointed as an Independent Non-Executive Director, the Chair of the Nomination Committee and a member of the Audit Committee, Risk Management and Sustainability Committee and Remuneration Committee.

INDEPENDENCE OF DIRECTORS

(continued)

After having considered the mixed of skills, experience, qualification and other qualities required to meet the Group's needs and based on the recommendation of the Nomination Committee, the Board has on 7 April 2023 unanimously resolved to effect the aforesaid changes to the Board and Board Committees on 7 April 2023.

Arising from the above changes, the new composition of the Audit Committee comprises four (4) members of which three (3) members are Independent Non-Executive Directors and one (1) member is a Non-Independent Non-Executive Director which complied with Paragraph 15.09(1)(b) of the Listing Requirements of Bursa Securities (i.e. Audit Committee members must be non-executive directors, with a majority of independent directors) but departed from the Step-Up Practice 9.4 of the Code (i.e. Audit Committee should comprise solely independent directors).

The Nomination Committee having considered the departure from the Step-Up Practice 9.4 of the Code supports the new composition of the Audit Committee as it was of the view that Mr Yong Teck Ming is independent of management and free of any relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his independent judgement. During his tenure as the Chair of the Audit Committee, he had exercised his objective and independent judgement on all Board deliberations, devoted sufficient time and attention to his professional obligations for informed and balanced decision making and had also exercised due care in carrying out his professional duties in the best interest of the Company and shareholders.

In addition, Mr Yong Teck Ming has been with the Company for more than fifteen

(15) years and is familiar with the Group's business operations which will enable him to contribute actively and effectively during deliberation at meetings of the Board and the Audit Committee. His vast experience in accounting and diverse range of business will also enable him to provide the Board and the Audit Committee with constructive opinion.

The Board is unanimous in supporting the above-stated view from the Nomination Committee on the aforesaid departure from the Step-Up Practice 9.4 of the Code.

Consequential to the above, the TOR of the Audit Committee on the composition of the Committee has been amended to "The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all of whom shall be non-executive directors, with a majority of them being Independent Directors."

SUFFICIENT PROVISIONS

The Company recognises that its Directors may be invited to become directors of other companies and the Directors are therefore at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board. In maintaining and monitoring the limitation on directorship as required by the Listing Requirements of Bursa Securities, the Directors upon appointment, and from time to time during their tenure, will notify the Company Secretary of their directorship in other companies for disclosure to the Board at Board meetings.

The Board is of the opinion that the provisions of the Companies Act 2016 ("Act") and Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment given by the Directors to perform their duties without it being formally regulated.

SUFFICIENT PROVISIONS (continued)

To facilitate the Directors' time planning, a planned annual meetings calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities and this is demonstrated by the attendance record of the Directors at the meetings of the Board and Board Committees for the financial year ended 31 December 2022 as set out below:

| Name of Directors | Board | Audit Committee | Nomination Committee | Remuneration Committee | Risk Management and Sustainability Committee |
|------------------------------------|-------|-----------------|----------------------|------------------------|----------------------------------------------|
| Dato' Ahmad Sebi Bakar | 7 / 7 | - | - | - | - |
| Anton Syazi Dato' Ahmad Sebi | 7 / 7 | - | - | - | - |
| Lee Su Nie | 7 / 7 | *5 / 5 | - | - | *4 / 4 |
| Puan Sri Datin Masri Khaw Abdullah | 6 / 7 | - | 2 / 2 | - | - |
| Yong Teck Ming | 7 / 7 | 5 / 5 | - | - | - |
| Rali Mohd Nor | 7 / 7 | 5 / 5 | 2 / 2 | 3 / 3 | 4 / 4 |
| Aryati Sasya Dato' Ahmad Sebi | 7 / 7 | *4 / 5 | - | 3 / 3 | 4 / 4 |
| Kam Kin Foong | 7 / 7 | 5 / 5 | 2 / 2 | 3 / 3 | 4 / 4 |

* Attended the meetings by invitation.

CONTINUAL TRAINING FOR DIRECTORS

The Board acknowledges the importance of continual education and training to enhance its competencies, to broaden its perspectives, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment.

The Directors have been regularly updated on developments in corporate governance, relevant laws, regulations and business practices and attending relevant courses/seminar as a continuing effort to train and equip themselves to effectively discharge their duties. The Board also evaluates the training needs of its members on a continuous basis pursuant to the Listing Requirements of Bursa Securities and is updated on quarterly basis on the training programmes/courses/seminars attended by Directors.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

For corporate reporting to our shareholders and stakeholders, our Board ensures that information are complete and accurate and are disseminated in a timely manner. The Company has established a dedicated section for investor on its website. This section provides information relating to corporate governance, annual reports, announcements to Bursa Securities and Board Charter. Contact details are provided on the Company's website to address queries from its shareholders and stakeholders.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(continued)

The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.

The AGM is the principal forum for dialogue with shareholders. There is an open 'question and answer' session in which shareholders may pose questions regarding the resolutions being proposed at the meeting and also on matters relating to the Group's businesses and affairs.

The Board members are in attendance at general meetings to provide explanations to all shareholders' queries and shareholders are encouraged to participate in discussions and to give their views to the Directors. The Chair of the Audit, Nomination, Remuneration and Risk Management and Sustainability Committees are also in attendance to provide meaningful response to questions.

Service providers were engaged to provide secured facilities for our virtual 98th AGM in 2022, whereby shareholders participated in such meeting remotely, submitted their questions online and carried out the electronic voting using the remote participation and voting facilities. The forthcoming 99th AGM in 2023 will also be conducted in the same manner.

ACTIVITIES AND FOCUS OF THE BOARD DURING THE YEAR AND FOR THE COMING YEAR

During the financial year ended 31 December 2022, seven (7) Board meetings were held

where the Board deliberated upon and considered a variety of matters including the Group's corporate developments, financial results, investments, impact on the performance of various business units arising from the COVID-19 outbreak, short and long term plans to deal with such impact to the Group, frameworks, policies and procedures to enhance good governance systems and business behaviour, and reports on risk management and internal audits of the Group. For Board meetings, the Directors receive complete meeting materials within a reasonable period prior to the meeting. All proceedings from the Board meetings are minuted and signed by the Chair of the meeting.

The Board, through the Nomination Committee, also reviewed the training programmes/courses/seminars attended by the Directors to keep abreast with the current developments in laws, regulations, corporate governance and business practices to aid the Directors in discharging their duties; management's proposal on the Risk Management Committee to oversee sustainability matters and thus to change name to Risk Management and Sustainability Committee; and the re-election of Directors as set out in the Nomination Committee Report on pages 99 to 103 of this Annual Report.

The Remuneration Committee met to review the annual fixed fee structure of members of the Board taking into consideration the increasing responsibilities and time commitment expected from the Directors and the remuneration packages of the Group Chair, Group Executive Deputy Chair, Group Managing Director and senior management of the Company to ensure that the Executive Directors and senior management are fairly remunerated or rewarded for their contributions or individual roles and level of responsibilities and advised the Board accordingly.

ACTIVITIES AND FOCUS OF THE BOARD DURING THE YEAR AND FOR THE COMING YEAR (continued)

During the financial year ended 31 December 2022, the Audit Committee met with the external auditors three (3) times without the presence of the Executive Directors to discuss the Directors' statement on risk management and internal control, audit plan, audit findings, auditing and accounting issues, fraud related matters, adequacy of management's response and/or other key matters arising from the statutory audit for the financial years ended 31 December 2021 and 2022, and the Company's consolidated audited financial statements.

The Risk Management and Sustainability Committee assisted the Board in assessing the risks including risks with economic, environmental and social ("EES") aspects, key risk areas and internal controls to ensure that the Group Risk Management Framework was sufficiently robust in addressing and mitigating the various risks of the Group. This includes monitoring the impact of COVID-19 pandemic to the Group businesses and reviewing the risk registers to ensure the controls in place as stated in the risk registers are executed accordingly by the management. Besides, the Risk Management and Sustainability Committee also assisted the Board in the assessment of anti-bribery and anti-corruption risk as well as whistleblowing incidents to ensure adequate processes are in place for monitoring of such risk as part of the Group risk management exercise.

This report is to be read together with the Corporate Governance Report 2022 of the Company which is available on the Company's website. The Corporate Governance Report 2022 provides the details on how the Company has applied each practice as set out in the Code during the financial year 2022.

The Board has in November 2022 included but not limited to the following in the Board Charter which is also available on the Company's website:

1. the TOR of the Share Grant Scheme ("SGS") Committee which was established to implement and administer the SGS pursuant to the By-Laws of the SGS of the Company;
2. additional duties and responsibilities of the Audit Committee to review the allocation of SGS shares pursuant to Advance Synergy Berhad Share Grant Scheme to ensure compliance with the criteria stated in the By-Laws of the SGS of the Company;
3. additional duties and responsibilities of the Remuneration Committee to oversee the implementation of any share grant scheme and/or any incentive awards/plans established or to be established by the Company for directors and senior management; and
4. corresponding changes to the TOR of the Risk Management and Sustainability Committee following the inclusion of sustainability matters under purview of this Committee.

For coming year, the Board will continue with assessment, implementation and monitoring of strategies and plans that are in place for the turnaround and growth of the Group businesses, and pursuing measures to protect the Group's financial position for speedier recovery from the COVID-19 pandemic. This includes on-going assessment of the business risks, adequacy and effectiveness of the governance, risk management framework and internal control system as well as the material EES issues against the changing business environment, stakeholder opinions, and emerging global and local trends in order to keep abreast of critical issues.

Audit Committee Report

Key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions, and the management of the Group's systems of internal control, business risks and related compliance activities.

COMPOSITION

For the financial year ended 31 December 2022, the Audit Committee comprises a Chair, and two (2) members, all of whom are independent non-executive directors duly appointed by the Board following recommendations by the Nomination Committee after the annual Board performance evaluation.

Each member of the Audit Committee brings an appropriate balance of senior level financial and commercial experience, combined with a good understanding of the Company's business and is therefore considered by the Board to be competent. Members of the Audit Committee also undertake ongoing training as required.

OBJECTIVES

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions, and the management of the Group's systems of internal control, business risks and related compliance activities.

TERMS OF REFERENCE ("TOR") OF AUDIT COMMITTEE

The duties and functions of the Audit Committee are set out in its TOR under Schedule 1 of the Board Charter. The Board Charter is accessible via the Company's website at www.asb.com.my by referring to the 'Corporate Governance' section.

MEETINGS AND ATTENDANCE

The Audit Committee met five (5) times during the financial year under review and members' attendance at the meetings is set out in the table below:

| Name of Directors | Attended |
|---------------------------------------|----------|
| Yong Teck Ming <i>Chair</i> | 5 / 5 |
| Rali Mohd Nor <i>Member</i> | 5 / 5 |
| Kam Kin Foong <i>Member</i> | 5 / 5 |

After the 31 December 2022 financial year end and consequent to the Directorate and composition of the Audit Committee changes on 7 April 2023, the composition of the Audit Committee was reconstituted as follows:

| Name of Directors |
|----------------------------------------------------------------------------------------------------|
| 1. Chim Wai Khuan <i>Chair</i> <i>(Appointed on 7 April 2023)</i> |
| 2. Yong Teck Ming <i>Member</i> <i>(Re-designated as member on 7 April 2023)</i> |
| 3. Rali Mohd Nor <i>Member</i> |
| 4. Datuk Hardev Kaur a/p Hazar Singh <i>Member</i> <i>(Appointed on 7 April 2023)</i> |

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2022, the principal activities of the Audit Committee comprised:

(a) Financial Reporting

- (i) Reviewed the quarterly unaudited financial results and turnaround plan for non-performing subsidiaries prior to tabling of the same to the Board for approval.
- (ii) Reviewed the draft announcements on quarterly and yearly unaudited financial results of the Group prior to tabling the same to the Board for approval.
- (iii) Reviewed the annual audited financial statements for the financial year ended 31 December 2021 prior to submission to the Board for approval.
- (iv) Reviewed the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

(b) Internal Audit

- (i) Reviewed and approved the objectives, adequacy and coverage of the internal audit ("IA") activities of the IA Plan for 2022 after taking into consideration the risk based approach based on the Group businesses and activities. A total of sixteen (16) IA assignments were approved for the 2022 IA Plan.

SUMMARY OF ACTIVITIES (continued)**(b) Internal Audit** (continued)

- (ii) Reviewed on a quarterly basis the IA reports and follow-up audits presented by the Internal Auditors (outsourced).
- (iii) Reviewed the resource requirements of the IA function.
- (iv) Reviewed a subsidiary's compliance on Anti-Money Laundering and Counter Financing of Terrorism polices, process and procedures.

(c) External Audit

- (i) Convened meetings with the external auditors on 25 February 2022, 30 March 2022 and 29 November 2022 without the presence of the management to review and deliberate on various matters including Directors' statement on risk management and internal control, audit planning memorandum and audit review memorandum. These audit memorandums included significant audit findings, auditing and accounting issues, fraud related matters, adequacy of management's response and/or other key matters arising from the statutory audit for the financial years ended 31 December 2021 and 2022.
- (ii) Reviewed the audit fees payable to the external auditors.
- (iii) Considered and recommended to the Board the re-appointment of external auditors.

(d) Related Party Transactions and Recurrent Related Party Transactions

Reviewed the Group's related party transactions and recurrent related party transactions as well as conflict of interest situations that may arise within the Company or the Group and to ensure that the transactions are conducted in the best interest of the Company, on fair and reasonable as well as on normal commercial terms and are not detrimental to the interest of the minority shareholders.

(e) Risk Management

Reviewed the matters arising from the Risk Management and Sustainability Committee (formerly known as Risk Management Committee) meetings relating to the adequacy of the risk management policies and procedures used within the Company and the Group.

(f) Audit Committee Report

Reviewed the Audit Committee Report and recommended to the Board for inclusion in the Annual Report for the financial year ended 31 December 2022.

(g) TOR

Reviewed the TOR of Audit Committee and recommended to the Board to update the same under Schedule 1 of the Board Charter of the Company.

INTERNAL AUDIT FUNCTION

The Audit Committee has adopted a top-down, risk-based approach in the implementation and monitoring of internal controls of the Group. This approach was achieved through critical in-depth review and deliberation of the reports and relevant issues presented during the Audit Committee meetings. This top-down, risk-based approach has enabled the Audit Committee to identify any major weaknesses in the risk management and internal controls of the Group and any major areas for improvement, and to make the necessary recommendations to address the issues.

The Audit Committee is assisted by the Internal Auditors (outsourced) to provide an independent appraisal and assurance to ensure the maintaining of a sound system of internal control to safeguard shareholders' investment. The Internal Auditors conducts regular systematic reviews of the system of controls in accordance with the IA Plan approved by the Audit Committee and independently reports directly to the Audit Committee.

During the financial year ended 31 December 2022, the Internal Auditors carried out various operational, system and risk assessment reviews to review and appraise the adequacy and effectiveness of the risk management and internal control processes within the Group. Follow-up audits were also performed by the Internal Auditors to ensure that audit recommendations and corrective action plans were implemented accordingly. A total of ten (10) IA reports in relation to IA Plan for year 2022 were presented to the Audit Committee during the financial year ended 31 December 2022. The Internal Auditors also reviewed the related party transactions and recurrent related party transactions entered into by the Company and its subsidiaries to ensure that the transactions were carried out on an arm's length basis.

The costs incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2022 was RM80,234.

Nomination Committee Report

The Nomination Committee considers candidates for directorship proposed by existing Board members, management or major shareholders, and when appropriate, utilises independent sources to identify suitably candidates.

COMPOSITION

For financial year ended 31 December 2022, the Nomination Committee consists of three (3) Non-Executive Directors:

Kam Kin Foong

*Chair, Independent Non-Executive Director
(Resigned on 7 April 2023)*

Puan Sri Datin Masri Khaw Abdullah

Member, Non-Independent Non-Executive Director

Rali Mohd Nor

Member, Independent Non-Executive Director

Consequent to the appointment of Datuk Hardeew Kaur a/p Hazar Singh in place of Ms Kam Kin Foong on 7 April 2023 subsequent to 31 December 2022, the composition of the Nomination Committee was as follows:

Datuk Hardeew Kaur a/p Hazar Singh

*Chair, Independent Non-Executive Director
(Appointed on 7 April 2023)*

Puan Sri Datin Masri Khaw Abdullah

Member, Non-Independent Non-Executive Director

Rali Mohd Nor

Member, Independent Non-Executive Director

The details of the aforesaid changes are stated in the Governance Report on pages 90 and 91 of this Annual Report.

The Nomination Committee's role is to review the structure, size and composition of the Board, considers succession planning, and makes recommendations to the Board for approval on suitably qualified candidates for new appointment and/or re-appointment/re-election of director(s) and/or senior management. Its key objective is to ensure that the Board comprises individuals with the necessary skills, experience, expertise, knowledge, professionalism, integrity, competencies, time commitment, and other qualities (including diversity in gender, age, cultural background and ethnicity and meeting the fit and proper criteria as set out in Schedule 7 of the Board Charter) to ensure that the Board is effective in discharging its responsibilities. The Nomination Committee also assists to assess the independence of all the independent directors, and the contribution of each Director on an on-going basis.

COMPOSITION (continued)

The Chair of our Nomination Committee is an Independent Non-Executive Director. The Board believes that the Chair of the Nomination Committee is competent to chair the Nomination Committee by virtue of her vast experience and is capable to lead the Nomination Committee in ensuring that the Board composition meets the needs of the Company.

With the establishment of the Nomination Committee, a formal transparent procedure is in place for the appointment of new directors to the Board. The Nomination Committee is responsible for making recommendations on any nomination to the Board and to Committees of the Board. The Nomination Committee considers candidates for directorship proposed by existing Board members, management or major shareholders, and when appropriate, utilises independent sources to identify suitably candidates. This procedure involves identification of candidates for directorship, evaluation of suitability of candidates, deliberation by the Nomination Committee and recommendation to the Board.

DUTIES AND FUNCTIONS

The duties and functions of the Nomination Committee are set out in its TOR which is reviewed annually by the Nomination Committee and approved by the Board before the same was uploaded to the Company's website under Schedule 1 of the Board Charter.

The Nomination Committee will assess annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director.

The Board, through the Nomination Committee, reviews annually its required mix of skills, knowledge, experience, independent element and other qualities, including core competencies, which directors should bring to the Board.

The Nomination Committee will also review the term of office and performance of the Audit Committee and each of its members annually to ensure that the Audit Committee has carried out their duties in accordance with their TOR.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2022, the Nomination Committee assisted the Board to carry out the following principal activities:

- (i) Assessed the independence of independent directors including a director who has served on the Board for a cumulative term of more than fifteen (15) years and recommended to the Board for consideration to re-designate the said director as non-independent director and to resign as Chair of Audit Committee before 1 June 2023.

SUMMARY OF ACTIVITIES (continued)

- (ii) Assessed the effectiveness of the Board, Board Committees, and individual directors including the directors standing for re-election and recommended to the Board for approval of the retiring directors to be re-elected as they met the criteria of character, experience, integrity, competency and time commitment that enable them to discharge their respective role as director of the Company effectively.
- (iii) Reviewed the structure, size and composition of the Board to ensure that the Board comprises individuals with necessary skills, experience, expertise, knowledge, professionalism, integrity, competencies, time commitment, and other quality (including diversity in gender, age, cultural background and ethnicity).
- (iv) Reviewed the term of office and performance of the Audit Committee and each of its members to ensure that the Audit Committee carried out their duties in accordance with their TOR.
- (v) Reviewed the TOR of Nomination Committee and recommended to the Board for approval to include the same in Schedule 1 of the Board Charter of the Company.
- (vi) Reviewed the Nomination Committee Report and recommended to the Board for approval to include in the Company's 2021 Annual Report.

The Nomination Committee also reviewed the following training programmes/courses/seminars attended by directors and concluded that all directors have attended programmes/courses/seminars to keep abreast with the current developments in laws, regulations, corporate governance and business practices to aid them in discharging their duties:

| Directors | Date | Programmes/courses/seminars/ conferences attended | Organiser |
|---------------------------------------------------|-----------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Dato' Ahmad Sebi Bakar | 06.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |
| | 13.12.2022 | Webinar on "2022 MFRS Updates Seminar" | KPMG PLT |
| Anton Syazi Dato' Ahmad Sebi Bakar | 06 & 09.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |
| | 14.12.2022 | Online Training on "Anti Money Laundering & Financial Crime in the age of Covid" | Nature of Life Trading Sdn Bhd |
| | 19.12.2022 | E-Learning on "Sustainability E-Training for Directors" | Institute of Singapore Chartered Accountants and SAC Capital Private Limited ("ISCA & SAC") |

SUMMARY OF ACTIVITIES (continued)

| Directors | Date | Programmes/courses/seminars/ conferences attended | Organiser |
|-------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lee Su Nie | 09.03.2022 | Webinar on “Task Force on Climate-related Financial Disclosures (TCFD) – Climate Disclosure Training Programme” | United Nations Sustainable Stock Exchanges Initiative, International Finance Corporation and Carbon Disclosure Project Worldwide, in collaboration with Bursa Malaysia |
| | 23.03.2022 | Webinar on “Transfer Pricing Workshop – Series 1 : Mastering Preparation of Minimum Transfer Pricing Documentation in 2 Hours” | Federation of Public Listed Companies Bhd |
| | 08.09.2022 | E-Learning on “Sustainability E-Training for Directors” | ISCA & SAC |
| | 06 & 09.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |
| Puan Sri Datin Masri Khaw Abdullah | 09.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |
| | 13.12.2022 | Webinar on “2022 MFRS Updates Seminar” | KPMG PLT |
| Yong Teck Ming | 21.01.2022 | Webinar on “The Future of Global Retail : Learning from China’s Retail Revolution” | Institute for Management Development |
| | 28.01.2022 | Webinar on “The Next Wave of Asia’s Technology Boom” | Citibank Berhad |
| | 11.02.2022 | Webinar on “Harnessing the Power of Rising Megatrends” | Citibank Berhad |
| | 17.11.2022 | Webinar on “The Securities Commission Malaysia’s Audit Oversight Board Conversation with Audit Committees” | Securities Commission Malaysia (“SC”) |
| | 06 & 09.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |
| Rali Mohd Nor | 17.11.2022 | Webinar on “The Securities Commission Malaysia’s Audit Oversight Board Conversation with Audit Committees” | SC |

SUMMARY OF ACTIVITIES (continued)

| Directors | Date | Programmes/courses/seminars/ conferences attended | Organiser |
|------------------------------------------|-----------------|----------------------------------------------------------------------------------------|-----------------------------------------|
| Aryati Sasya Dato' Ahmad Sebi | 21 - 24.03.2022 | Virtual Instructor Led Training on "Simplified Strategic Planning" | Kexxel Group Sdn Bhd |
| | 29 - 30.11.2022 | Human Capital Conference & Exhibition 2022 (Levy) | Human Resources Development Corporation |
| | 06 & 09.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |
| Kam Kin Foong | 22.06.2022 | Seminar on "The Financial Services Culture Board Assessment of Organisational Culture" | Asia School of Business |
| | 06 & 09.12.2022 | Training and Workshop on ASB Sustainability Framework | Easy Consulting Sdn Bhd |

DIVERSITY

The Nomination Committee and the Board have sought to ensure that the best and suitable candidates are appointed to the Board and the appointments are based on objective criteria and merit, and with due regard for diversity in skills, experience, age, cultural background and gender for the benefits of the Group.

Further information regarding Board diversity can be found on page 88 and gender diversity in the Group as a whole on page 88.

LOOKING AHEAD

In the year ahead, the Nomination Committee will continue to assess the Board composition and how it may be enhanced.

Remuneration Committee Report

The policy framework for variable compensation is to recognise corporate performance and individual achievement of objectives through discretionary bonus.

COMPOSITION

For the financial year ended 31 December 2022, the Remuneration Committee consists of three (3) Non-Executive Directors:

Rali Mohd Nor

Chair, Independent Non-Executive Director

Aryati Sasya Dato' Ahmad Sebi

Member, Non-Independent Non-Executive Director

Kam Kin Foong

*Member, Independent Non-Executive Director
(Resigned on 7 April 2023)*

Consequent to the appointment of Datuk Hardev Kaur a/p Hazar Singh in place of Ms Kam Kin Foong on 7 April 2023 subsequent to 31 December 2022, the composition of the Remuneration Committee was as follows:

Rali Mohd Nor

Chair, Independent Non-Executive Director

Aryati Sasya Dato' Ahmad Sebi

Member, Non-Independent Non-Executive Director

Datuk Hardev Kaur a/p Hazar Singh

*Member, Independent Non-Executive Director
(Appointed on 7 April 2023)*

The Remuneration Committee is responsible for setting the remuneration policy framework for

directors and senior management. The Remuneration Committee ensures that the Directors and senior management are fairly remunerated or rewarded for the contributions or individual roles and level of responsibilities. Additionally, the Remuneration Committee is responsible for determining the overall remuneration policy framework applied to the Group, including the quantum of variable remuneration and the method of delivery. In carrying out its delegated responsibilities, the Remuneration Committee receives advice, when they consider it to be appropriate, on remuneration, tax, accounting and regulatory issues from external advisers and internally from the Human Resources, Compliance, Risk and Finance departments.

REMUNERATION POLICY FRAMEWORK FOR EXECUTIVES

The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Group compensates employees through both fixed and variable compensation.

REMUNERATION POLICY FRAMEWORK FOR EXECUTIVES (continued)

Fixed compensation comprises principally base salaries and the Remuneration Committee reviews these as part of their overall annual review taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual and their roles and level of responsibilities. Other elements related to base salary include an employer's contribution to the Employees Provident Fund.

The policy framework for variable compensation is to recognise corporate performance and individual achievement of objectives through discretionary bonus. Discretionary variable compensation can be delivered in two main forms:

- Annual cash bonus; and
- Long-term incentive award.

The executive directors and other senior management assess individual performance through clearly defined objectives and structured process of review and feedback. In particular, the aggregate fixed and variable remuneration by individual is determined with regard to the complexity of the business performance in managing material sustainability risks and opportunities, performance of the individual, performance of the area or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and levels of reward for comparable roles in the external market.

Executive directors and members of the senior management team do not participate in decisions concerning their own remuneration.

REMUNERATION FOR THE YEAR

The remuneration breakdown of individual Directors and senior management which includes fees, allowance, salary, bonus, benefits-in-kind and other emoluments for the financial year ended 31 December 2022 are as follows:

(a) Remuneration of Directors received from the Company:

| Name of Director | Fees RM | Allowance RM | Salary RM | Bonus RM | Benefits- in-kind RM | Other Emoluments RM | Total RM |
|---------------------------------------|------------|-----------------|--------------|-------------|----------------------------|---------------------------|-------------|
| Executive | | | | | | | |
| Anton Syazi Dato' Ahmad Sebi | - | 96,000 | 534,000 | 44,500 | - | 100,940 | 775,440 |
| Lee Su Nie | - | 96,000 | 630,000 | 52,500 | 52,200 | 123,420 | 954,120 |
| Sub-total | - | 192,000 | 1,164,000 | 97,000 | 52,200 | 224,360 | 1,729,560 |
| Non-Executive | | | | | | | |
| Dato' Ahmad Sebi Bakar | 150,000 | - | - | - | 22,700 | 90,000 | 262,700 |
| Puan Sri Datin Masri Khaw Abdullah | 32,000 | - | - | - | - | - | 32,000 |
| Yong Teck Ming | 42,000 | - | - | - | - | - | 42,000 |
| Rali Mohd Nor | 48,000 | - | - | - | - | - | 48,000 |
| Aryati Sasya Dato' Ahmad Sebi | 30,000 | - | - | - | - | - | 30,000 |

REMUNERATION FOR THE YEAR (continued)**(a) Remuneration of Directors received from the Company:** (continued)

| Name of Director | Fees RM | Allowance RM | Salary RM | Bonus RM | Benefits- in-kind RM | Other Emoluments RM | Total RM |
|----------------------------------|------------|-----------------|--------------|-------------|----------------------------|---------------------------|-------------|
| Non-Executive (continued) | | | | | | | |
| Kam Kin Foong | 45,000 | - | - | - | - | - | 45,000 |
| Sub-total | 347,000 | - | - | - | 22,700 | 90,000 | 459,700 |
| Grand total | 347,000 | 192,000 | 1,164,000 | 97,000 | 74,900 | 314,360 | 2,189,260 |

(b) Remuneration of Directors received from the Group:

| Name of Director | Fees RM | Allowance RM | Salary RM | Bonus RM | Benefits- in-kind RM | Other Emoluments RM | Total RM |
|---------------------------------------|------------|-----------------|--------------|-------------|----------------------------|---------------------------|-------------|
| Executive | | | | | | | |
| Anton Syazi Dato' Ahmad Sebi | - | 138,000 | 534,000 | 44,500 | - | 106,366 | 822,866 |
| Lee Su Nie | - | 96,000 | 630,000 | 52,500 | 52,200 | 123,420 | 954,120 |
| Sub-total | - | 234,000 | 1,164,000 | 97,000 | 52,200 | 229,786 | 1,776,986 |
| Non-Executive | | | | | | | |
| Dato' Ahmad Sebi Bakar | 150,000 | - | 240,000 | 20,000 | 22,700 | 139,400 | 572,100 |
| Puan Sri Datin Masri Khaw Abdullah | 32,000 | - | - | - | - | - | 32,000 |
| Yong Teck Ming | 42,000 | - | - | - | - | - | 42,000 |
| Rali Mohd Nor | 48,000 | - | - | - | - | - | 48,000 |
| Aryati Sasya Dato' Ahmad Sebi | 30,000 | - | 60,000 | - | - | 7,800 | 97,800 |
| Kam Kin Foong | 45,000 | - | - | - | - | - | 45,000 |
| Sub-total | 347,000 | - | 300,000 | 20,000 | 22,700 | 147,200 | 836,900 |
| Grand total | 347,000 | 234,000 | 1,464,000 | 117,000 | 74,900 | 376,986 | 2,613,886 |

(c) Remuneration of top five (5) senior management:

In view of the competitive nature of the human resource market, the remuneration of the top five (5) senior management which includes salary, bonus, benefits in-kind and other emoluments for the financial year ended 31 December 2022 is disclosed in bands of RM50,000:

| Remuneration Range | Number of Senior Management staff |
|---------------------------------|-----------------------------------|
| Between RM350,001 - RM400,000 | 1 |
| Between RM400,001 - RM450,000 | 1 |
| Between RM550,001 - RM600,000 | 1 |
| Between RM600,001 - RM650,000 | 1 |
| Between RM950,001 - RM1,000,000 | 1 |

Directors' responsibility statement

in respect of the audited financial statements

In presenting the annual financial statements and quarterly announcement of results, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price sensitive public reports and reports to regulators. The Audit Committee assists the Board in scrutinising such reports to ensure accuracy and adequacy. The Audit Committee meets on a quarterly basis to review the integrity and reliability of the quarterly announcement of results. At least twice a year, the Audit Committee will meet to review the integrity and reliability of the Group's annual financial results in the presence of the external auditors without the management, prior to recommending them for the Board's approval and issuance to shareholders.

As part of the Directors' responsibility for preparing financial statements, the Directors are required by the Act to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act so as to give a true and fair view of the financial position of the Group and the Company as at the end of the financial year and the financial performance and cash flows of the Group and the Company for the financial year. The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Act.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable financial reporting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

- a. As at 31 December 2022, the status of utilisation of proceeds raised from the disposal of the entire investment of 40% equity interest in Helenium Holdings Limited is as follows:

| | Proposed Utilisation GBP'000 | Utilisation to-date GBP'000 | Balance Unutilised GBP'000 | Intended timeframe for Utilisation from 18.07.2019 | Extended timeframe for Utilisation |
|---------------------------------------------|---------------------------------|--------------------------------|-------------------------------|-------------------------------------------------------|------------------------------------|
| Refurbishment of hotels and working capital | 3,000 | 3,000 | - | Within 12 months | Additional 24 months |
| Operating expenses of the Group | 1,600 | *1,605 | - | Within 12 months | - |
| Expenses for the disposal | 150 | *145 | - | Within 12 months | - |
| | 4,750 | 4,750 | - | | |

* The remaining amount of GBP5,000 which was not utilised for expenses in relation to the disposal was utilised for operating expenses of the Group.

- b. As at 31 December 2022, the status of utilisation of proceeds raised from the disposal of a property, Wisma Synergy, by AESBI Power Systems Sdn Bhd, an indirect wholly-owned subsidiary of the Company is as follows:

| | Proposed Utilisation RM'000 | Utilisation to-date RM'000 | Balance Unutilised RM'000 | Intended timeframe for Utilisation from 08.11.2019 | Extended timeframe for Utilisation |
|------------------------------|--------------------------------|-------------------------------|------------------------------|-------------------------------------------------------|------------------------------------|
| Repayment of borrowings | 61,340 | *61,336 | - | Within 3 months | - |
| Working capital of the Group | 51,900 | *42,775 | 9,129 | Within 12 months | Additional 36 months |
| Expenses for the disposal | 10,760 | 10,760 | - | Within 3 months | - |
| | 124,000 | 114,871 | 9,129 | | |

* The remaining amount of RM4,000 which was not utilised for repayment of borrowing was utilised for working capital of the Group.

- c. As at 31 December 2022, the status of utilisation of proceeds raised from the disposal of a land in Arosa by Posthotel Arosa AG, an indirect 65%-owned subsidiary of the Company is as follows:

| | Proposed Utilisation CHF'000 | Utilisation to-date CHF'000 | Balance Unutilised CHF'000 | Intended timeframe for Utilisation from 04.12.2020 |
|------------------------------|---------------------------------|--------------------------------|-------------------------------|-------------------------------------------------------|
| Working capital of the Group | 5,300 | 5,300 | - | Within 24 months |
| Expenses for the disposal | 650 | 650 | - | Within 12 months |
| | 5,950 | 5,950 | - | |

1. UTILISATION OF PROCEEDS (continued)

d. As at 31 December 2022, the status of utilisation of proceeds raised from the disposal of hotel management agreements, licensing agreements and trademarks of Alangka-Suka Hotels and Resorts Sdn Bhd Group is as follows:

| | Proposed Utilisation RM'000 | Utilisation to-date RM'000 | Balance Unutilised RM'000 | Intended timeframe for Utilisation from 03.12.2021 |
|------------------------------|--------------------------------|-------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Working capital of the Group | 4,844 | *4,857 | - | <u>Proceeds of RM4.844 million</u> - Within 24 months |
| | 2,000 | 800 | 1,200 | <u>Proceeds of RM200,000 per quarter totaling RM2.0 million for Remaining Balance</u> - Within 3 months from the receipt of the quarterly payment |
| Expenses for the disposal | 156 | *143 | - | Within 12 months |
| | 7,000 | 5,800 | 1,200 | |

* The remaining amount of RM13,000 which was not utilised for expenses in relation to the disposal was utilised for working capital of the Group.

e. As at 31 December 2022, the status of utilisation of proceeds raised from the Rights Issue (as detailed in the Note 39(a)(i) in the financial statements) is as follows:

| | Proposed Utilisation RM'000 | Utilisation to-date RM'000 | Balance Unutilised RM'000 | Intended timeframe for Utilisation from 04.11.2022 |
|-------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|------------------------------|-------------------------------------------------------|
| Investment in existing businesses and/or future business expansion/ new strategic investment | 53,200 | 1,484 | 51,716 | Within 36 months |
| Working capital | 25,600 | 3,293 | *22,325 | Within 36 months |
| Expenses for the Rights Issue | 1,200 | *1,182 | - | Immediately |
| | 80,000 | 5,959 | 74,041 | |

* The remaining amount of RM18,000 which was not utilised for expenses in relation to the Rights Issue will be utilised for working capital of the Group.

2. AUDIT AND NON-AUDIT FEES PAID OR PAYABLE TO EXTERNAL AUDITORS

For the financial year ended 31 December 2022, the following audit and non-audit fees are paid or payable by the Company and the Group:

| Description | Company | Group |
|----------------------------------------------------------------------------------------------------|-----------|-----------|
| Audit Fees paid or payable to the external auditors, Messrs Baker Tilly Monteiro Heng PLT (“BTMH”) | RM100,300 | RM425,900 |
| Non-Audit Fees paid or payable to BTMH, or a firm or corporation affiliated to BTMH (Note 1) | RM9,000 | RM9,000 |

Note 1 The amount disclosed included non-audit fees incurred for reviewing the statement on risk management and internal control and other information included in the annual report.

3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group which involved the interest of the directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.