



DIGISTAR CORPORATION BERHAD

COMPANY NO. : 200301001232 (603652-K)

2021 ANNUAL REPORT



CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' Ir. Hj. ZAINI bin OMAR
Independent Non-Executive Chairman

Mejar (K) Datuk Wira Lee Wah Chong
(Group Managing Director)

Dato' Haji Ishak Bin Haji Mohamed
(Senior Independent Non-Executive Director)

Thee Kok Chuan
(Independent Non-Executive Director)

Lee Mey Ling
(Executive Director)

Lee Jin Jean
(Executive Director)

Lee Chun Szen
(Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Tan Sri Dato' Ir. Hj. Zaini Bin Omar
(Independent Non-Executive Chairman)

Members
Dato' Haji Ishak Bin Haji Mohamed
(Senior Independent Non-Executive Director)

Thee Kok Chuan
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Chairman
Tan Sri Dato' Ir. Hj. Zaini Bin Omar
(Independent Non-Executive Chairman)

MEMBERS
Dato' Haji Ishak Bin Haji Mohamed
(Senior Independent Non-Executive Director)

Thee Kok Chuan
(Independent Non-Executive Director)

REMUNATION COMMITTEE

Chairman
Tan Sri Dato' Ir. Hj. Zaini Bin Omar
(Independent Non-Executive Chairman)

Members
Dato' Haji Ishak Bin Haji Mohamed
(Senior Independent Non-Executive Director)
Mejar (K) Datuk Wira Lee Wah Chong
(Group Managing Director)
Thee Kok Chuan
(Independent Non-Executive Director)

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
SSM Practising Certificate No. 201908000410

REGISTER OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (03)22415800
Fax : (03)22825022

CORPORATE OFFICE

B6/4/4, 3rd Floor
One Ampang Business Avenue
Jalan Ampang Utama 1/2
68000 Ampang
Selangor Darul Ehsan
Tel : 03-42534319
Fax : 03-42572168

AUDITOR

UHY
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-22793088
Fax : 03-22793099

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-27839299
Fax : 03-27839222

PRINCIPLE BANKERS

United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

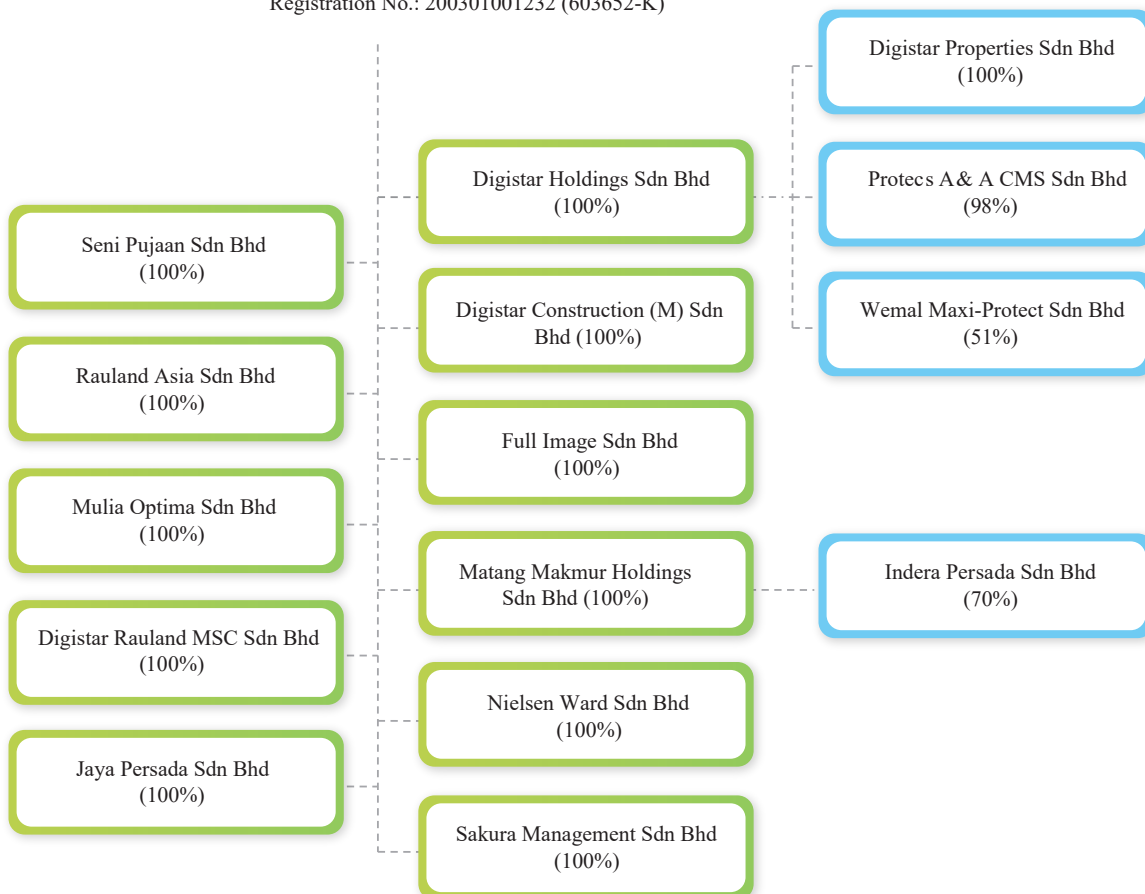
Main Market of the Bursa Malaysia
Securities Berhad ("Bursa Securities")
Stock Name: DIGISTA
Stock Code: 0029

GROUP CORPORATE STRUCTURE



DIGISTAR CORPORATION BERHAD

Registration No.: 200301001232 (603652-K)



DIVISION 1

SYSTEM
ENGINEERING AND
INTEGRATION

- A. AUDIO VISUAL
ENGINEERING
- B. TOTAL SECURITY
ENGINEERING
- C. BROADCAST
ENGINEERING

DIVISION 2

INTERACTIVE PAY TV
(IPTV)

DIVISION 3

CENTRAL
MONITORING SYSTEM

DIVISION 4

PROPERTY
DEVELOPMENT
AND CONSTRUCTION

TABLE OF CONTENTS

CORPORATE INFORMATION	1
GROUP STRUCTURE AND CORPORATE DIVISION	2
DIRECTORS' PROFILE AND PROFILE OF KEY SENIOR MANAGEMENT	4
CHAIRMAN'S STATEMENT	9
MANAGING DIRECTOR'S REPORT	10
MANAGEMENT DISCUSSION AND ANALYSIS	11
SUSTAINABILITY STATEMENT AND SHARE BUY-BACK STATEMENT	13
CORPORATE GOVERNANCE OVERVIEW STATEMENT	19
ADDITIONAL COMPLIANCE INFORMATION	28
AUDIT AND RISK MANAGEMENT COMMITTEE REPORT	29
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	33
STATEMENT ON DIRECTORS' RESPONSIBILITIES	35
REPORT AND FINANCIAL STATEMENTS	36
ANALYSIS OF SHAREHOLDINGS	173
ANALYSIS OF WARRANT HOLDINGS	175
LIST OF PROPERTIES	179
NOTE OF NINETEENTH ANNUAL GENERAL MEETING	181
STATEMENT ACCOMPANYING OF NINETEENTH ANNUAL GENERAL	187
PROXY OF FORM	

DIRECTORS' PROFILE

TAN SRI DATO' IR. HJ. ZAINI BIN OMAR (INDEPENDENT NON-EXECUTIVE CHAIRMAN)

Tan Sri Dato' Ir. Hj. Zaini Bin Omar, a Malaysian aged 72, was appointed as the Chairman of the Company on 10 March 2017. He graduated with a Bachelor of Engineering from James Cook University of North Queensland, Australia and Bachelor of Laws from University Of London. He obtained his professional engineering status in 1986 and was admitted as an Advocate and Solicitor in 1988. He started as electrical engineer serving from 1975 to 1989. From 1990 to 1994, he was second- ed to the Department of Electricity Supply, ending up as the Deputy Director General. From 1995 to 1999, he was the Director General of Department of Civil Aviation ("DCA"). He saw over the construction of the KLIA and he was also responsible for stabilising the DCA which was in turmoil for many years. He also oversaw the growth of the aviation sector.

In year 2000, he returned to JKR as the Deputy Director General 1. In October, the same year, he was promoted to the post of Director General and retired in 2005. He was then appointed as the first Chairman of Suruhanjaya Pengurusan Air Negara, the water regulatory body. He was also appointed as the Head of the Special unit for overseas project at unit Perancang Ekonomi until 2009.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

Tan Sri Dato' IR. HJ. Zaini Bin Omar attended all five (5) Board of Directors' Meetings held during the financial year ended 30 September 2021.

MEJAR (K) DATUK WIRA LEE WAH CHONG (GROUP MANAGING DIRECTOR)

Mejar (K) Datuk Wira Lee Wah Chong, a Malaysian aged 63, was appointed as the Group Managing Director of the Company on 18 August 2003. He is also a member of the Remuneration Committee. He graduated with a Diploma in Electronic Engineering from the Federal Institute of Technology in 1982. He continued to enhance his technical knowledge by attending courses on advanced system applications in the United States of America. He is the founder of Digistar Group which started as an audio visual system provider in 1982 which expanded to a total solution provider in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems. As the Managing Director of the Group, Mejar (K) Datuk Wira Lee Wah Chong has been the main driving force of the Group since 1982. His sound technical background and management skills have taken the Group to the forefront of the system integration industry.

He also sits on the Board of Directors of various other private companies and does not have any directorship in other public companies.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

His sister, Ms Lee Mey Ling, his daughter, Ms Lee Jin Jean and his son, Mr Lee Chun Szen are members of the Board.

Mejar (K) Datuk Wira Lee Wah Chong attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2021.

DIRECTORS' PROFILE

DATO' HAJI ISHAK BIN HAJI MOHAMED (SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR)

Dato' Haji Ishak Bin Haji Mohamed, a Malaysian aged 68, was appointed as Senior Independent Non-Executive Director of the Company on 27 May 2011. He was also simultaneously appointed as a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. He graduated from University of Wisconsin USA with a Master in Public Policy in 1992 and Universiti Sains Malaysia with a Bachelor of Social Science 1983. He last served the Malaysian Immigration Department as the Director of Enforcement and previously held several key positions, namely as Director of Immigration for Perak, Secretary General of the Welfare and Sports Council, Intan and Assistant Principal Director of Public Service Department.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

He also sits on the Board of Directors of several other private limited companies and does not have any directorship in other public companies.

Dato' Haji Ishak Bin Haji Mohamed attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2021.

THEE KOK CHUAN (INDEPENDENT NON-EXECUTIVE DIRECTOR)

Mr. Thee Kok Chuan, a Malaysian aged 45, was appointed as an Independent Non-Executive Director of Digistar Corp. Bhd on 26 May 2016. Mr. Thee began his accounting profession as an Audit Assistant where he served the firm for four years. Thereafter, he joined a medium-size audit firm as a Senior Auditor and promoted to the Head of Audit thereafter. He has more than 12 years of audit, accounts, GST advisor practice experience, he handled small and medium-sized audits, accounts and GST for companies engaged in trading, manufacturing, plantation, construction, property holding and service industries. He has been involved in government agencies' audit. He is actively involved in the society to carry out his social responsibility and contribution. Mr. Thee started his own practice, an accounting firm, in 2005. Mr. Thee is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants ("MIA"), Chartered Tax Institute of Malaysia ("CTIM") and fellow member of the Association of Chartered Certified Accountants ("ACCA") of United Kingdom.

He does not have any directorship in other public companies.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

Mr. Thee Kok Chuan attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2021.

DIRECTORS' PROFILE

LEE JIN JEAN (EXECUTIVE DIRECTOR)

Ms. Lee Jin Jean, a Malaysian aged 33, was appointed as Executive Director on 7 August 2013. She completed her professional studies at the Australia National University, graduating with a Degree in Economics and Finance. She has gained experience in the banking industry.

She does not have any directorship in other public companies.

Her father, Mejar (K) Datuk Wira Lee Wah Chong, and her aunty Madam Lee Mey Ling and her brother, Mr Lee Chun Szen are members of the Board.

She has no conflict of interest with the Company, and she has no conviction for any offences (except for traffic offences, if any) within past ten years.

Ms. Lee Jin Jean attended four (4) out of five (5) Board of Directors' Meeting held during the financial year ended 30 September 2021.

LEE MEY LING (EXECUTIVE DIRECTOR)

Ms. Lee Mey Ling, a Malaysian aged 48, was appointed as Executive Director on 30 May 2018. She graduated from University of Curtin University of Technology, Western Australia with Bachelor of Accountancy in 1997. She was admitted as a member of Malaysia Institute of Accountants and the Associate of Certified Practising Accountant (CPA) in 2003. She started her career with Deloitte in 1998 and resigned as Audit Senior in 2003. She joined Glomac Berhad as Assistant Manager for three (3) years from 2003 to 2006 before joining a multinational company, Sumiden Electronic Material (M) Sdn Bhd, a subsidiary company of Sumitomo Electronic in Japan. She joined Digistar Group on 1 June 2014.

She does not have any directorship in other public companies.

Her brother, Mejar (K) Datuk Wira Lee Wah Chong, and her niece Ms Lee Jin Jean and her nephew, Mr Lee Chun Szen are members of the Board.

She has no conflict of interest with the Company, and she has no conviction for any offences (except for traffic offences, if any) within past ten years

Ms. Lee Mey Ling attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2021.

DIRECTORS' PROFILE**LEE CHUN SZEN**
(EXECUTIVE DIRECTOR)

Mr. Lee Chun Szen, a Malaysian aged 30, was appointed as Executive Director of the Company on 10 April 2015. He has completed his studies in the Royal Melbourne Institute of Technology as a graduate and obtaining his Diploma studies in Engineering. He has gained experience in the Engineering industry. Mr Lee owns his own IT business in Australia and have a great experience in the IT business. Mr Lee has also worked for a few months in an emerging Oil & Gas Company in Australia during his school days.

He does not have any directorship in other public companies.

His father, Mejar (K) Datuk Wira Lee Wah Chong, his aunty Madam Lee Mey Ling and his sister Ms Lee Jin Jean are members of the Board.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

Mr. Lee Chun Szen attended four (4) out of five (5) Board of Directors' Meetings held during the financial year ended 30 September 2021.

PROFILE OF KEY SENIOR MANAGEMENT

JEAN LING

Director of Sales & Marketing

Ms Ling, Malaysian, was appointed as the Director of Sales & Marketing of the company in 2021. She graduated with a Diploma in Sales, Public Relations and Advertising from London Chamber of Commerce & Industry in 1994 and PSC major in secretariat from Stamford College, Kuala Lumpur.

Prior to joining the hotel industry, she was attached with a leading Japanese Company dealing in chemical and machinery in 1996 where she worked as a Secretary for two years. Thereafter she joined a 5-star hotel in a city centre as an Assistant Public Relations Manager for one year and subsequently switched on to a sales career in the same industry.

She brings more than 20 years of sales, marketing, distribution and revenue management experience for both local and international hotel brands.

MOHD HUZAILY BIN ADNAN

General Manager of Imperial Heritage Hotel Melaka

Huzaily, male, Malaysian, aged 50, joined Digistar Group on 1st October 2020. He has served in the hospitality industry for the past 26 years, starting his career as a bell boy at Hotel Malaya Bukit Bintang.

Over the years, he has been attached to numerous hotels across Malaysia. He was appointed as President for MyBHA Negeri Sembilan Chapter from 2007 to 2009 whilst holding the position of Hotel Manager at Hotel Mesra Port Dickson. At the same time, he also served as an advisor to the Malaysian Cooperative Commission (MCC) for Entry Point Projects (EPPs) as part of the National Cooperative Tourism Movement and presented a project paper on matching grants to registered cooperative members with MCC to the Minister for Cabinet approval.

From 2011 to 2017, he was attached to My Hotel Management Sdn Bhd as Resident Manager, before being promoted to General Manager at My Hotel Langkawi and Gold Sand Hotel Langkawi. He then transferred to Tanjung Bidara Beach Resort Melaka as General Manager in 2017, serving for another 3 years before joining our ranks.

CHAIRMAN'S STATEMENT

**“Dear Shareholders,
On behalf of the Board of Directors, I am pleased to present the
Annual Report of Digistar Corporation Berhad “Digistar”
for the financial year ended 30 September 2021.”**

REVIEW OF PERFORMANCE

The Group recorded revenue of RM16.5 million for the financial year 2021, 37% lower than the previous financial year of RM26.3 million. Our loss before tax at RM7.96 million. Loss per share ended at 0.76 sen in 2021 as compared to loss per share of 0.38 sen in 2020. The Group shareholder funds for FY2021 increased to RM66.2 million as compare to RM60.5 million for FY2020 while the Net Asset Share was 7 sen for FY 2021 as compared to 8 sen for FY 2020. The system integration segment's revenue constituted 21% of our Group's revenue and the hospitality segment have decreased significantly, revenue has decreased from RM12.9 million in 2020 to RM8.1 million in 2021.

OUTLOOK

The continuance of Covid-19 and the Movement Control Order (“MCO”) from Year 2020 has brought significant impact to the Group's operations, specifically the hospitality division. The imposed MCO prevented international tourists from entering our borders and local travellers were not allowed to travel interstate across state borders. This coupled with fear from the spread of Covid-19 severely impacted occupancy rates at the hotels run by the Group.

We anticipate that the tourism sector will be turning around with the opening of the interstate travel in the last quarter of FY 2021 and 90% of Malaysia's adult population are fully vaccinated. One of our most popular hotels, the Imperial Heritage located in the heart of Melaka is seeing a quick rebound in occupancy rates to pre-covid numbers.

Our securities division has also been aggressively expanding and capturing market share in the securities and monitoring market. With expansion plans in the horizon as well as investments in new securities related technology, we are expecting this department to continue growing and to eventually be a market leader in Malaysia for this industry.

On a separate positive note, Malaysia's domestic economy is projected to grow between 5.5% - 6.5% in 2022. In view of this, we are positive on our business outlook in achieving further growth for the Company.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our sincere appreciation to the management and employees at all levels in the Group for their support and commitment thus far. We also thank you, our shareholders, customers, suppliers, bankers, business associates and partners for the continuous support in Digistar.

TAN SRI DATO' IR. HJ. ZAINI BIN OMAR

Chairman

20 January 2022

MANAGING DIRECTOR'S REPORT

“The Group reported a revenue of RM16.52 million as compared to RM26.26 million in the previous year. The Group incurred a loss before tax of RM7.96 million as compared to a profit before tax of RM0.63 million in preceding year.”

Our maiden property, the Imperial Heritage Hotel located in the heart of Melaka (built on a UNESCO World Heritage site) continues to provide a positive contribution to the Group's results. The revenue for the Imperial Heritage hotel was RM8.10 million for FY2021, a decrease of 37% compared to previous year. This decrease was caused by the continuance of the Movement Control Order ("MCO") by the Malaysian Government in its effort to combat Covid-19. The restriction on international and interstate travel severely reduced occupancy rates which lead to the reduced revenue.

However, our Group also has some competitive advantages and key strengths that enables the Group to compete successfully as well as to provide the Group with growth prospects. Listed below are some of the Group's competitive advantages and key strengths:

- (i) Our Group's track record and established reputation as a comprehensive system integration solutions provider since the commencement of its business in 1982.
- (ii) The Group's experience in constructing Private Finance initiative ("PFI") projects for the government of Malaysia.
- (iii) Experience in hospitality and hotel management has led to some of our properties being converted to Covid hospital and quarantine centre during the peak of the pandemic. We will also be looking to expand our reach internationally this year and expanding the Heritage brand.
- (iv) The Group's subsidiary, Full Image Sdn Bhd ("FISB") has been capturing market share in the securities and monitoring services industry and has a high potential for exponential growth with recent addition of big clients as part of the customer base.

In view of the above, our Board believes that the prospect of the Group is favourable after considering all of the relevant aspects including the outlook of the related industries which are closely linked to the Group's business performance.

ACKNOWLEDGEMENT AND APPRECIATION

The Group continues to remain prudent and vigilant in its actions and proactive in its management while operating in unprecedented times and a highly competitive and challenging business environment. I believe that FY2022 will be a positive year for Digistar. I would like to extend my deepest appreciation to our shareholders, other stakeholders, the management and the staff of Digistar for their confidence and unwavering support throughout the challenging year that is FY2021. I also wish to extend my sincere thanks to my fellow Board members for their commitment and invaluable service. I hope the relationships we have nurtured will continue to flourish well into the future.

MEJAK (K) DATUK WIRA LEE WAH CHONG

Managing Director

20 January 2022

MANAGEMENT DISCUSSION AND ANALYSIS

“This Management Discussion & Analysis [MD & A] of Financial Condition and Results of Operations formally cover from 1 October 2020 to 30 September 2021.

Overview of results

We started as an Investment holding company. Through our subsidiaries, we are principally involved in the system integration i.e. design, supply, installation and integration of IT infrastructure, tele-conferencing, LANs, interactive media management systems, radio and television news automation telecommunication systems, integrated audio and visual systems, and other related electronic systems. Our target market is mainly the local system and users, particularly in higher learning institutions, hospitals as well as public and private buildings. As a system integrator, we principally design and install the most appropriate systems and/ or equipment to suit each particular environment.

Over the past 6 years, the group diversified into construction, property development, central monitoring system (CMS) and hotel management.

Our gross revenue for the Group is RM16.5 million and was mainly generated from our PFI project where we built a JKR training centre for the government. For the FY 2021, this project contributed approximated RM5.0 million or 30% of our Group's revenue. The systems integration division contributed RM3.4 million for the Group's revenue which constitute 21% of the total revenue.

The remaining were contributed from hotel management, trading of electronic and electrical components and products, electronic systems maintenance and support services, interactive Pay TV as well as rental income received from two (2) rented properties to third parties.

Our operations are carried out through of our subsidiaries as follows:

- **Digistar Holdings Sdn Bhd**, which is principally involved in designed, supply, installation and integration of IT infrastructure, tele-conferencing, LANs, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems, and other related electronic systems.
- **Digistar Rauland MSC Sdn Bhd**, which is principally a health television operator, involved in the provision of interactive Pay TV services to local hospitals.
- **Rauland Asia Sdn Bhd**, which is principally involved trading of electronic equipment and Central Monitoring System (CMS) services.
- **Digistar Properties Sdn Bhd**, which is principally involved in property holding and property management, which include the renting, maintaining and upkeep of properties.
- **Seni Pujaan Sdn Bhd**, which is principally involved in property developments.
- **Matang Makmur Holdings Sdn Bhd**, which is currently principally engaged in the business of investment holding.
- **Indera Persada Sdn Bhd**, which is currently undertaken the construction and provide asset management service for the concession asset.
- **Digistar Construction (M) Sdn Bhd**, which deals in construction work of our PFI project and others.
- **Sakura Management Sdn Bhd**, which is principally involved in Property management.
- **Mulia Optima Sdn Bhd**, which is principally involved in Property development.

MANAGEMENT DISCUSSION AND ANALYSIS

Our business activities, products and services.

We focus on the provision of a range of systems engineering and integration solutions. Although our solutions can be customised for use in any industry, we are currently focusing on the security sectors, whilst also providing software and equipment for our system engineering and integration services. We also provide after-sales support to our customers by providing systems and equipment maintenance services.

Our other business activities include interactive Pay TV, property holding, central monitoring system, telecommunication, property development and construction activities.

- **Central Monitoring System division**

As one of the purveyors of a unique central monitoring system which utilises next generation technology instead of being solely dependent on cameras, we believe prevention is key in building this division. This department has been expanding aggressively to capture market share. Some of our clients currently include banks and some big industrial names.

- **Construction division**

Our subsidiary, Indera Persada Sdn Bhd., have entered into an agreement with the Government of Malaysia to carry out the design, development, construction and completion of the buildings, structures, equipment plants, machinery, installation, facilities and infrastructure (together with the necessary amenities, utilities and fittings and fixtures) which are to be designed, constructed, installed, developed and completed on a parcel of leasehold and held under land title details Pt 3287 H.S(D) 21930 measuring approximately 110 acres situated in Mukim Taboh Naning, Daerah Alor Gajah, Malaka ie for construction of Malaysia national Technology Advancement Centre or JKR Institute. The concession period for the project is 18 years which covers the construction period of 3 years and asset management services period for 15 years from 1 September 2016 – 31 August 2031.

- **Hotel Management – The Heritage**

The other major part of our business is in property development, which is undertaken by our subsidiary, Seni Pujaan.

THE HERITAGE is a unique and exciting development that combines the elements of classical architectural design & ingenuity, features modern and contemporary lifestyle in the heart of Melaka town, a UNESCO World Heritage Site, one of the most vibrant states and rich in historical influence in the country. Strategically located within walking distance to the most popular tourism spots. The HERITAGE meets the demands of the many millions of visitors to Melaka every year. THE HERITAGE is complete with facilities such as centralized MATV & IPTV systems, WIFI and internet access, 24 hours security systems, one of the biggest indoor playground in Melaka as well as Malaysia's first indoor Himalayan salt detox rooms.

Having suffered a devastating blow from the ongoing impact of Covid-19, This division generated revenue of RM8.1 million to the Group and incurred a loss before tax of RM6.2 million. In 2022, we are confident to achieve better performance than 2021 with the restriction on interstate travelling uplifted during the Movement Control Order. We have also seen occupancy rates returning to pre-covid numbers with the country approaching 100% vaccination rate.

SUSTAINABILITY STATEMENT



The Group strives to adopt a progressive approach in integrating sustainability in everything that we do. We believe that firm commitment to sustainability form the foundation of good corporate citizenship and upholds the utmost level of corporate governance. We endeavour to manage our business in a socially responsible manner that align to our Group's business strategy. Apart from looking into the interest of our stakeholders, customers, investors, employees and suppliers, we also pay attention in creating a favourable influence on the large community.

HUMAN CAPITAL DEVELOPMENT

The Group fosters a conducive and dynamic working environment to encourage development of all employees. Employees are given the opportunity to develop and upgrade their skills, knowledge and attitudes. Continuous training and development programs are provided for employees internally and externally.

WORKPLACE

The Group is committed to treat our employees with respect and dignity. We continually strive to create an inspiring conducive environment.

MARKETPLACE

As part of its on-going efforts of enhancing relationship between the Group and its suppliers, customers and other stakeholders, programs for interaction and networking are organised on regular basis. The Group continuously cultivate a transparent and open relationship with its multiple stakeholders.

COMMUNITY

The Group recognizes the importance of adhering to the environment and social needs of the community and will take proactive action in relation to our corporate social responsibility activities, Digistar had contributed philanthropically towards the community in support of charitable event and education.

REWARDS AND RECOGNITION

Digistar Group appreciates and recognises its employees who form the backbone and the pillar of success in the Group. Digistar offers a competitive remuneration package and attractive work place in order to retain quality and high standard workforce.

HEALTH AND SAFETY

Digistar has developed a comprehensive Health and Safety framework and create safety awareness among the employees to ensure a safe and healthy working condition for the employees. Safety measures in place include security guards, surveillance equipment at relevant work locations, appropriate notices on safety measures and ensure that equipment and building system are functioning properly and well maintained.

PROFESSIONAL DEVELOPMENT AND TRAINING SCHOLARSHIP

Digistar Group believes that education is an integral component in empowering and enlightening the young to become leaders of tomorrow.

Under the Scholarship, the students required to undergo a Company-selected course at an institution determined by the Company on a full-time basis. Thereafter, the students shall undergo a full time practical training which may be conducted in-house or at selected institutions and organizations, both local and overseas training.

Upon completion of the Training Period, successful students will be offered employment as well as opportunity to undergo further trainings overseas and career advancements with the Group.

The Group shall sponsor the costs of the full time course and practical training, provide monthly allowance and hostel accommodation.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this proposed Renewal of Share Buy-Back Authority (“Statement”) prior to its issuance. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD (“DIGISTAR” OR “THE COMPANY”) OF ITS OWN ORDINARY SHARES (“DIGISTAR SHARES(S)”) OR “SHARES(S)”) ON THE MAIN MARKET OF BURSA SECURITIES OF UP TO TEN PER CENTUM (10%) OF ITS EXISTING TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL”)

Any share buy-back, if implemented pursuant to the proposed Renewal, is expected to potentially benefit the Company and its shareholders as follows:

- (A) It will enable the Company to utilise its surplus financial resources which is not immediately required for other uses to purchase Digistar Shares from the market. This may help to stabilise the supply and demand of Digistar Shares traded on the Main Market of the Bursa Securities and thereby support its fundamental value;
- (B) The purchase of its own shares by Digistar, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Digistar Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in Digistar due to the increase in the Company’s earnings per share; and
- (C) The purchased Digistar Shares can be held as treasury shares and resold on the Main Market of Bursa Securities at a higher price with the intention of realising potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3. RETAINED PROFITS

Based on the audited financial statements for the year ended 30 September 2021, the accumulated losses of the Company stood at RM43,359,379. Based on the unaudited First Quarter financial results for the period ended 31 December 2021, the accumulated losses of the Company stood at RM43,684,898.

4. SOURCE OF FUNDS

The funding for the proposed Share Buy-Back will be from Company’s internally generated funds and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the proposed Renewal. The proposed Renewal will reduce the cash of the Company by an amount equivalent to the purchase price of Digistar Shares and the actual number of Digistar Shares to be bought back. There is no restriction on the type of funds which may be utilised for the proposed Renewal so long as it is backed by an equivalent amount of retained profits of the Company.

In the event of the Company decides to utilise external borrowings to finance the proposed Renewal, there will be a reduction in its net cash flow to the extent of the interest cost associated with such borrowings but the Board of Directors (“Board”) of Digistar does not foresee any difficulty in the serving of interest and repayment of the borrowings used for the proposed Share Buy-Back, if any. Based on the audited consolidated financial statements of Digistar as at 30 September 2021, the Group has a net cash and cash equivalent balance of approximately RM24,620,126.

5. DIRECT AND INDIRECT INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, Substantial Shareholders and persons connected to the Directors and /or Substantial Shareholders (as defined in the Listing Requirements of Bursa Securities) have any direct or deemed interest in the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back and resale of Treasury Shares (if any).

The effect of the Proposed Share Buy-Back Authority on the shareholdings of the Directors and Existing Major Shareholders of the Company based on the Register of Directors’ Shareholdings and Register of Substantial Shareholders as at 31 December 2021 assuming the Proposed Share Buy-Back Authority is carried out in full by the Company are as follows:

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY ("PROPOSED SHARE BUY-BACK RENEWAL")

Directors' Shareholdings

	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mejar (K) Datuk Wira Lee Wah Chong	-	-	277,778,351	26.67	-	-	277,778,351	29.42
Lee Jin Jean	328,571	0.03	-	-	328,571	0.04	-	-
Lee Chun Szen	328,571	0.03	-	-	328,571	0.04	-	-

Notes:-

- (1) The indirect interest of 277,778,351 shares comprised:
- (a) 277,121,209 shares held by LWC Capital Sdn Bhd ("LWCSB") by virtue of his interest in LWCSB.
- (b) 328,571 shares held by his daughter; Lee Jin Jean pursuant to Section 59(1)(c) of the Companies Act 2016.
- (c) 328,571 shares held by his son, Lee Chun Szen pursuant to Section 59(1)(c) of the Companies Act 2016.

Substantial Shareholders' Shareholdings

	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mejar (K) Datuk Wira Lee Wah Chong	-	-	277,778,351	26.67	-	-	277,778,351	29.42
LWC Capital Sdn Bhd	277,121,209	26.61	-	-	277,121,209	29.36	-	-

Notes:-

- (1) The indirect interest of 277,778,351 shares comprised:
- (a) 277,121,209 shares held by LWC Capital Sdn Bhd ("LWCSB") by virtue of his interest in LWCSB.
- (b) 328,571 shares held by his daughter; Lee Jin Jean pursuant to Section 59(1)(c) of the Companies Act 2016.
- (c) 328,571 shares held by his son, Lee Chun Szen pursuant to Section 59(1)(c) of the Companies Act 2016.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

For the potential advantages of the proposed Share Buy-Back to the Company and its shareholders, kindly refer to section 2 of this Statement.

The potential disadvantages of the proposed Share Buy-Back to the Company and its shareholders are as follows:

- the proposed Share Buy-Back will reduce the financial resources of the Digistar and its subsidiaries ("Group") and may result in the Group forgoing better investment opportunities that may emerge in the future;
- the cash flow of the Company may be affected if the Company decides to utilise bank borrowings to finance a share buy-back;
- as the proposed Share Buy-Back can only be made out of the retained profits of the Company, it will result in a reduction in the financial resources available for distribution to shareholders of the Company in the immediate future; and
- the proposed Share Buy-Back will reduce the consolidated net assets of the Company if the purchase price of Digistar Shares is higher than the consolidated net assets of the Company at the time of purchase.

Nevertheless, any share buy-back to be undertaken pursuant to the proposed Renewal is not expected to have any potential material disadvantages to the Company and its shareholders as the Company would purchase Digistar Shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board will be mindful of the best interest of the Company and its shareholders to do so.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY ("PROPOSED SHARE BUY-BACK RENEWAL")

7. PUBLIC SHAREHOLDING SPREAD

As at 31 December 2021, the public shareholding spread of the Company based on the Issued Share Capital was 73.331%. Assuming the Proposed Renewal of Shareholders' Mandate for Share Buy-Back of 10% of the total number of issued share capital of the Company is carried out in full, and the number of the Company Shares held by the substantial shareholders, Directors and persons connected to the substantial shareholders and/or Directors remain unchanged, the public shareholding spread of the Company would reduce to approximately 80.905%. However, the Company will ensure that it will not purchase its own Shares which will result in the Company's public shareholding spread falling below the minimum requirement of 25%.

Notwithstanding the above, the Company, in implementing any share buy-back, will be mindful in ensuring that the aforesaid public shareholding spread requirement under paragraph 8.02(1) of the Main Market listing Requirements of Bursa Securities is met and maintained at all times.

8. Financial Effect

The financial effects of share buy-back under the proposed Share Buy-Back on the share capital, earnings, net assets ("NA"), dividend, working capital, substantial shareholders' and directors' shareholdings of Digistar are set out below:

(A) Share Capital

Assuming the Proposed Renewal Shareholders' Mandate for Share Buy-Back is carried out in full by the Company, the maximum number of shares that the Company can cancel is limited to 104,891,680 shares. The proforma effect on total number of issued share capital of the Company of such a cancellation of shares is summarised below:

	No. of Shares
Total number of issued Share Capital as at 31 December 2021	1,048,916,802
Less: Maximum number of Shares that may be cancelled	104,891,680
Reduced Issued and Paid-Up Share Capital in the event that the Purchased Shares are cancelled	944,025,122

The proforma effects of share buy-back pursuant to the proposed Renewal on the share capital of Digistar will depend on the intention of the Board with regards to the treatment of the purchased Digistar Shares. If the purchased Digistar Shares are cancelled, it will result in a reduction of the total number of issued shares of the Company as shown in the table above. Conversely, if the purchased Digistar Shares are retained as treasury shares, there will be no effect on the total number of issued shares of Digistar. Nevertheless, certain rights attached to the Digistar Shares will be suspended while they are held as treasury shares.

(B) Earnings

The effects of share buy-back under the proposed Renewal on the earnings of the Group would depend on the purchase price and the number of Digistar Shares purchased. The effective reduction in the total number of issued shares of the Company pursuant to a share buy-back will, generally, with all else being equal, have a positive impact on the consolidated earnings per share of the Company.

(C) NA

The effect on the consolidated NA of the Company will depend on the number of Digistar Shares to be purchased, the purchase price of the Digistar Shares, the effective cost of funding and the treatment of the purchased Digistar Shares.

Share buy-back will reduce the NA per Digistar Share when the purchase price exceeds the NA per Digistar Share at the time of purchase. On the other hand, the NA per Digistar Share will increase when the purchase price is less than the NA per Digistar Share at the time of purchase.

(D) Dividend

No dividend has been declared in respect of financial year ended 30 September 2021. Barring unforeseen circumstances, the dividends to be declared by Digistar, if any, in respect of the current financial year ending 30 September 2021 would depend on amongst others, the cash availability, retained profits, cash flow position and funding requirements of the Digistar Group.

(E) Working capital

Share buy-back pursuant to the proposed Renewal would reduce funds available for working capital purposes of the Company, the quantum of which would depend on the purchase price, the actual number of Digistar Shares purchased and any associated costs incurred in making the purchase.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

9. IMPLICATION OF THE MALAYSIAN CODE ON TAKEOVERS AND MERGERS 2016 (THE “CODE”)

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory general offer (“Go”) for the remaining shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their shareholding is between 33% and 50% and increases by another 2% in any six (6)-month period. However, an exemption from undertaking a Go may be granted by the Securities Commission Malaysia (“SC”) under the Code.

Based on the Register of Substantial Shareholders as at 31 December 2021, the substantial shareholder of the Company, namely LWC CAPITAL SDN BHD has a shareholding of 277,121,209 shares, through its direct shareholdings, representing approximately 26.607% equity interest in the Company. The Board does not anticipate any implication relating to the Code on the Company and its Shareholders in the event the Proposed Share Buy-Back Authority of up to ten percent (10%) of the issued and paid-up capital of the Company is carried out in full.

10. PURCHASE, RESALE, TRANSFER AND CANCELLATION OF TREASURY SHARES IN THE PRECEDING 12 MONTHS

In the preceding 12 months from the LPD, the Company did not purchase any Digistar Shares from the open market or transfer, resale and/or cancel any treasury shares.

11. HISTORICAL SHARE PRICE

The monthly highest and lowest share prices of the Digistar Shares as traded on Main Market of Bursa Securities for the past 12 months from January 2021 to December 2021 are set out below:

	HIGH (RM)	LOW (RM)
2021		
January	0.096	0.072
February	0.115	0.067
March	0.086	0.067
April	0.077	0.055
May	0.070	0.050
June	0.090	0.055
July	0.090	0.070
August	0.075	0.065
September	0.070	0.060
October	0.070	0.060
November	0.060	0.050
December	0.060	0.050
last transacted share price on LPD	0.060	

(Source: Investing.com)

12. DIRECTORS’ STATEMENT

Your Directors, having considered all aspects of the proposed Renewal, are of the opinion that the proposed Renewal is in the best interest of the Company.

13. DIRECTORS’ RECOMMENDATION

Your Directors are of the opinion that the proposed Renewal is the best interests of the Company and its shareholders. Accordingly, your Directors recommend that you vote in favour of the resolution in relation to the proposed Renewal to be tabled at the forthcoming Annual General Meeting (“AGM”).

14. OTHER INFORMATION

There is no other information concerning the proposed Renewal as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making an informed assessment as to the merits of approving the proposed Renewal and the extent of the risks involved in doing so.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

Appendix I

FURTHER INFORMATION

1. DIRECTORS’ RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of the Company who, individually and collectively, accept full responsibility for the accuracy of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DOCUMENT FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours from the date of this Statement to the date of the Nineteenth AGM:-

- (a) Constitution of the Company; and
- (b) Audited consolidated financial statements of the Company for the financial years ended 30 September 2020 and 30 September 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Digistar Corporation Berhad (“DCB” or “the Company”) is committed to uphold the high standards of corporate governance throughout DCB and its subsidiaries (“the Group”) with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise.

Details of the Group’s application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group’s website at www.digistar.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

The Board is responsible for the overall oversight and management of the Group. The Board has established clear functions reserved for the Board and those delegated to Management to enhance accountability. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include inter-alia, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group’s financial statements and operating performance. Such delineation of roles is clearly set out in the Board Charter (“Charter”), which serves as a reference point for the Board activities. The Charter provides guidance for directors and Management regarding the responsibilities of the Board, its Committees and management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Board is committed to take full responsibility for the overall corporate governance of the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting. The key elements of governance principles embedded in the Board Charter regulate the Board’s conducts and guide the business strategic initiative of the Group. The Board Charter is available on the Company’s website at www.digistar.com.my

The Board has established three (3) Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed periodically in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees’ duties and responsibilities.

The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Company Secretary

The Board is supported by Company Secretary in discharging its duties and functions who is a member of the Malaysia Institute of Chartered Secretaries & Administrators (“MAICSA”). The appointment of Company Secretary is based on the capability and proficiency as determined by the Board. The Directors have unrestricted access to the advice and services of the Company Secretary to enable the Directors to discharge their duties effectively. The Company Secretary ensures that the Board is regularly updated on their obligations under relevant regulatory requirements such as Main Market listing Requirements (“MMLR”) of Bursa, codes or new statutes issued from time to time and are fulfilled in a timely manner.

The Company Secretary also attends all Board, Board Committee and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meeting.

All Directors have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board’s affairs and the business of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Information and support for Directors

The Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board at least seven (7) days before the date of the meeting. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary.

This enables the Directors to discuss the issues effectively at the board meetings. The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

All Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with.

The Chairman of the Board Committees, namely, the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings. When necessary, all Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, The Board has formalised a Director's Code of Conduct, setting out the standards of conduct expected from Directors to inculcate good ethical conduct, the Group has established a Code of Conduct for employees. The Board recognises the importance of adhering to the Code of Conduct and has taken measures to put in place a process to ensure its compliance. Both codes are available on the Company's website at www.digistar.com.my

Whistle-blowing Policy

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. The Board has formalised a Whistle-blowing Policy, with the aim of providing an avenue for raising concerns relating to possible breaches of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Further details pertaining to the Whistle-blowing Policy can be found at the Company's website.

II. Board Composition

The Board recognizes the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship.

The present Board, Board consist of seven (7) members, comprising One (1) Independent Non-Executive Chairman, One (1) Senior Independent Non-Executive Director, One (1) Independent Non-Executive Director, One (1) Group Managing Director and Three (3) Executive Directors. This composition fulfills the requirements as set out in the MMLR, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance, taxation, accounting and audit, legal and economics.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent non-executive Directors bring the objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent non-executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations In compliance with the recommendations of Malaysian Code On Corporate Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Diversity on Board and Senior Management

The composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. The Board, through the Nomination Committee will consider appropriate targets for appointment as Board members in terms of skills, experience, gender, ethnicity and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board.

The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one third of the Board of the Company, whichever is higher are independent directors. The Board compose of 5 males and 2 females to ensure good mix of gender as well. This composition and combination of different skills ensures an effective Board decision-making process and enables the Board to efficiently lead and control the Group. During the financial year, a new Director was appointed. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

The Nomination Committee, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The nomination Committee conducted an assessment of the performance of the Board, as a whole, the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee and individual Directors, based on a self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considered and approved the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting.

Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Independent Director. The Committee meets as and when required, at least once a year. During the financial year, one (1) meeting was carried out, with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	(Chairman)	1/1
Dato' Haji Ishak Bin Haji Mohamed	(Member)	1/1
Mr. Thee Kok Chuan	(Member)	1/1

During the financial year, the Nomination Committee had carried out the following activities:

The responsibilities and duties of the Committee are as follows:

- Review Board and Senior Management succession plans;
- Review Board and Gender diversity;
- Review the training needs/training programs for the Board and facilitate Board induction and training programs;
- Implement an annual assessment on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance of each individual Director, including Non-Executive Directors and Executive Director(s);
- Review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs a board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- (c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The Board Chairman had performed in an excellent manner and contributed to the Board.
- (f) The performances of the Board Committees were found to be effective.

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact of such regulatory requirements have on the Group. All directors have attended the Mandatory Accreditation programme ("MAP") as required by the MMLR on all directors of listed companies and the Board will continue to evaluate and determine the training needs of its Directors on the on-going basis. During the financial year, the Directors have attended various seminars or briefings which they have collectively or individually considered it useful in discharging their stewardship responsibilities.

The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The Accountant and External Auditors also brief the Board members on any changes to the Financial Reporting Standards that affect the Group's financial statement during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

During the financial year, all the Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

Name of Director	Date	Programmes/Seminar
Tan Sri Dato' IR. HJ. Zaini Bin Omar	24 February 2021	Advocacy Session on Corporate Disclosure
Mejar (K) Datuk Wira Lee Wah Chong	24 February 2021	Advocacy Session on Corporate Disclosure
Dato' Haji Ishak Bin Haji Mohamed	24 February 2021	Advocacy Session on Corporate Disclosure
Mr. Thee Kok Chuan	24 February 2021	Advocacy Session on Corporate Disclosure
Ms. Lee Mey Ling	24 February 2021	Advocacy Session on Corporate Disclosure
Ms. Lee Jin Jean	24 February 2021	Advocacy Session on Corporate Disclosure
Mr. Lee Chun Szen	24 February 2021	Advocacy Session on Corporate Disclosure

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. Remuneration

Remuneration Policy

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

The remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

Remuneration Committee

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of executive Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual non-executive Director concerned. Directors do not participate in discussion of their individual remuneration.

Majority of Remuneration Committee Members are Independent Non-Executive Directors. During the financial year, one (1) meeting was carried out with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	(Chairman)	1/1
Mejar (K) Datuk Wira Lee Wah Chong	(Member)	1/1
Dato' Haji Ishak Bin Haji Mohamed	(Member)	1/1
Mr. Thee Kok Chuan	(Member)	1/1

The responsibilities of Remuneration Committee are as follows: -

- (i) Support the Board in actively overseeing the design and operation of the Company's remuneration system;
- (ii) Review and recommend to the Board on the remuneration of non-executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;
- (iii) Review and recommend to the Board on the total individual remuneration package for Executive Directors and senior management personnel including, where appropriate, bonuses and incentive payments within the terms of the agreed remuneration policy and based on individual performance;
- (iv) Oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings; and
- (v) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and senior management as well as the overall remuneration framework of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the details of individual Directors' remuneration are as follows:-

Remuneration to be disclosed on a named basis:-

Group Level

Name	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Allowance/ Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	5			6	11
Dato' Haji Ishak Bin Haji Mohamed	5			6	11
Thee Kok Chuan	5			6	11

Group Level

Name	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Allowance/ Benefits in Kind (RM'000)	Total (RM'000)
Executive Directors					
Mejar (K) Datuk Wira Lee Wah Chong	972				972
Lee Mey Ling	98		13		111
Lee Jin Jean	236		29		265
Lee Chun Szen	192		24		216

The details of individual Directors' remuneration are as follows:-

Remuneration to be disclosed on a named basis:-

Company Level

Name	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Allowance/ Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Tan Sri Dato' IR. HJ. Zaini Bin Omar	5			6	11
Dato' Haji Ishak Bin Haji Mohamed	5			6	11
Thee Kok Chuan	5			6	11

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration of Senior Management

The remuneration of the Senior Managements are set out as follows:-

Range of Remuneration (RM)	Number of Senior Management
RM50,001-RM100,000	3
RM100,001-RM150,000	3
RM150,001-RM200,000	0
RM201,000 to RM250,000	0

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures in the RM50,000 bands. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance.)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

Audit and Risk Management comprise exclusively of Independent Non-Executive Directors. During the financial year, six (6) meeting was carried out with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin omar	(Chairman)	6/6
Dato' Haji Ishak Bin Haji Mohamed	(Member)	6/6
Mr. Thee Kok Chuan	(Member)	6/6

Tan Sri Dato' Ir. Hj. Zaini Bin Omar is the Chairman of the Audit and Risk Management Committee and the Board. A clear segregation of his responsibilities and powers is stated and defined in the Company's Board Charter and Audit Committee's Terms of Reference. In addition, the Audit and Risk Management Committee comprises wholly of Independent Non- Executive Directors. The Audit and Risk Management Committee Report is set out separately in this Annual Report. Full details of the Audit and Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Oversight of External Auditors

In assessing the independence of external auditors, the Audit and Risk Management Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

The Audit and Risk Management Committee reviewed the suitability and independence of the external auditors and recommended their re-appointment to the Board for the ensuing financial year. The external auditors confirmed their independence to the Audit and Risk Management Committee that they were and had been independent throughout the conduct of the audit engagement during the financial year ended 30 September 2021 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The Board, on the recommendation of the Audit and Risk Management Committee, is of the view that the declaration of independence, integrity and objectivity made by the external auditors in their audit report for each financial year under review would suffice to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the MIA By-laws.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the audit and non-audit fees paid to the External Auditor for the financial year ended 30 September 2021 are as follows :-

	Company RM	Group RM
Statutory audit fees paid to the External Auditor	38,000	130,000
Non-audit fees paid to the External Auditor	5,000	5,000

The full details of the role of the Audit and Risk Management Committee in relation to the External Auditors is set out in the Audit and Risk Management Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets. The Board acknowledges that it is responsible for the Group's system of internal control and risk management for the continuing review of its adequacy, effectiveness and integrity. Additionally, the Group Managing Director and the chief financial officer have given assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively to meet the Group's objectives.

The internal control system is designed to cater for the Group's needs and to manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is assisted by the Audit and Risk Management Committee to ensure the risk and control framework is embedded into the culture, processes and structure of the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement of Risk Management and Internal Control of this Annual Report.

The Group has formalised the Group's risk management framework in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group has been compiled to help the Board and senior management to prioritise their focus on areas of high risk. The senior management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies. Significant risk matters are brought to the attention of the executive Directors, and if necessary, are also discussed at Board meetings.

Internal Audit Function

The Group's internal audit function is carried out by an internal audit department. Mr. Lum Kah Kit is the head of internal audit department and he is currently pursuing a professional certification from the Association of Chartered Certified Accountants ("ACCA") who reports to the Audit and Risk Management Committee ("ARMC") and assists the ARMC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Communication with Shareholders

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communication are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars.

The Board is committed in providing accurate, useful and timely information about the Company, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcome feedback from them.

The Group's information is disseminated through various disclosures and announcements made to Bursa Malaysia Securities Berhad. This information is also published at the Company's corporate website at www.digistar.com.my

Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future; as such integrated reporting is still new in the current market. The Company will adopt integrated reporting based on a globally recognised framework in the near future.

II. Conduct of General Meetings

Notice of general meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

Attendance of Directors at General Meetings

The Annual General Meeting is the key element of the Company's dialogue with its shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, about the Company's operations in general or about the annual reports of the Company and of the Group. All the Directors, Senior Management and External Auditors are available in the Annual General Meeting to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairman of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code On Corporate Governance throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors on 20 January 2022.

ADDITIONAL COMPLIANCE INFORMATION

In conformance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the following information is provided:

- Utilisation of proceeds raised from Corporate Proposals**

As at the date of this Notice, a total of 260,384,403 Rights Shares has been issued and allotted on 28 May 2021. The status of the utilisation of proceed raised from the Rights Shares is as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilization (from listing date)
Payment for Working Capital	5,800	-	Within 12 months

- Material Contracts**

There were no material contracts other than those in the ordinary course of business or loans entered into by the Company and its subsidiary companies involving the interests of the directors, chief executive who is not director and major shareholders' interests either still subsisting at the end of the financial year ended 30 September 2021 or entered into since the end of previous financial year ended 30 September 2020.

- Options, Warrants Or Convertible Securities**

There were no exercise of Options or Convertible Securities or conversion of warrants during the financial year ended 30 September 2021.

- Audit And Non-Audit Fees**

The auditor' remuneration including non-audit fees for the Company and the Group for the financial year ended 30 September 2021 is as follows: -

	Company RM	Group RM
Statutory audit fees paid to the External Auditor	38,000	130,000
Non-audit fees paid to the External Auditor	5,000	5,000
Total	43,000	135,000

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Digistar Corporation Berhad is pleased to present the Audit and Risk Management Committee report for the financial year ended 30 September 2021.

COMPOSITION AND DESIGNATION OF AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

The ARMC shall be appointed by the Board from amongst the directors and shall consist of not less than three (3) members, all of whom shall be Independent Directors.

The members of the ARMC shall elect a Chairman from among their members who shall be an Independent Director. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years’ working experience and:
 - he/ she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he/ she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - fulfils such other requirement as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Audit Committee of the Group comprises the following members:

Chairman

Tan Sri Dato Ir. Hj. Zaini Bin Omar
Independent Non-Executive Chairman

Members

Dato’ Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director

Mr. Thee Kok Chuan
Independent Non-Executive Director

The Audit Committee comprises three (3) Non-Executive Directors during FYE 30 September 2021, all of whom are Independent Directors. A member of the ARMC, Mr. Thee Kok Chuan is a member of the Malaysian Institute of Accountants.

The composition of the ARMC and the qualification of the members comply with Paragraph 15.09 (1) of the Main Market Listing Requirement of Bursa Securities (“MMLR”)

AUTHORITY

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The ARMC is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

TERMS OF REFERENCE

The Terms of Reference of the ARMC are available on Digistar Corporation Berhad’s website.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year, and will normally be attended by the accountant and other senior management, if necessary. The presence of external and/ or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the ARMC. Both the internal and/ or external auditors may request a meeting if they consider it to be necessary. The ARMC shall meet with the external and internal auditors at least twice a year without the presence of executive members of the Board.

The Secretary to the ARMC shall be the Company Secretary. The Chairman of the ARMC shall report on each meeting to the Board.

The ARMC has met with the external and internal auditors without executive board members present at least twice a year.

During the year, the ARMC held a total of six (6) meetings. The accountant, internal auditors and external auditors, have been invited to attend the ARMC meetings to present their audit plans and their subsequent findings.

The details of attendance of the ARMC members are as follows:

Committee Members	Meeting Attendance
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	6/6
Dato' Haji Ishak Bin Haji Mohamed	6/6
Mr. Thee Kok Chuan	6/6

MEETINGS AND MINUTES (CONT'D)

Responsibilities and Duties

In fulfilling its primary objectives, the ARMC undertakes, amongst others, the following responsibilities and duties:-

- a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
- c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- d) To review the following in respect of internal audit:-
 - adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
 - the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function; and
 - review and approve any appointment or termination of senior staff members of the internal audit function.
- e) To review the quarterly reporting to Bursa Securities and year-end annual financial statements of the Group before submission to the Board, focusing on:-
 - compliance with accounting standards and regulatory requirements;
 - any major changes in accounting policies;
 - significant and unusual items and events; and
 - incidences of fraud and material litigation, if any.
- f) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity;
- g) To consider the nomination and appointment of external auditors, as well as the audit fee;
- h) To review the resignation or dismissal of external auditors;
- i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment; and
- j) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by an internal audit department. Mr. Lum Kah Kit is the head of internal audit department and he is currently pursuing a professional certification from the Association of Chartered Certified Accountants ("ACCA"). He has experience and exposure in the Internal Audit field. The internal audit activities were reported directly to the ARMC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 30 September 2021 was RM12,000.00 (2020:RM11,567.42).

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC's activities during the financial year under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
 - Any change in accounting policies
 - Significant adjustments arising from audit
 - Compliance with accounting standards and other legal requirements

External Auditors

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and audit planning memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.

At the ARMC Meeting held on 20 January 2022, the ARMC recommended to the Board for approval of the audit fee of RM135,000.00 in respect of the financial year ended 30 September 2021.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

Internal Auditor

Mr. Lum Kah Kit is the head of internal audit department and he is currently pursuing a professional certification from the Association of Chartered Certified Accountants ("ACCA"). He has experience and exposure in the Internal Audit field. The internal audit activities were reported directly to the ARMC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal Control and Risk Management

The internal control and risk management activities carried out during the financial year are as follows:-

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management, operational and compliance processes;
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised; and
- monitored and reviewed fraud cases.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the ARMC reviewed the recurrent related party transactions (“RPT”) and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The ARMC reviews the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The ARMC also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) requires that a listed corporation establish an internal audit function which is independent of the activities it audits and reports to the Audit Committee directly. This is to ensure that all practical control mechanisms are present to safeguard the shareholders’ investments and the Group’s assets.

The Board of Directors of Digistar Corporation Berhad is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

In accordance with the Malaysian Code on Corporate Governance, the Board is responsible for the Group’s risk management and internal control systems. It should set appropriate policies on internal control and seek assurance that the systems are functioning effectively.

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders’ investment and the Group’s assets. The Board acknowledges that it is responsible for the Group’s system of internal control and risk management for the continuing review of its adequacy, effectiveness and integrity. Additionally, the Managing Director have given assurance to the Board that the Group’s risk management and internal control systems are operating adequately and effectively to meet the Group’s objectives.

The internal control system is designed to cater for the Group’s needs and to manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises its responsibilities with regard to identifying and managing principal risks.

The Group has formalised the Group’s risk management framework in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group has been compiled to help the Board and senior management to prioritise their focus on areas of high risk.

The senior management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies. Significant risk matters are brought to the attention of the Executive Directors, and if necessary, are also discussed at Board meetings.

INTERNAL AUDIT FUNCTION

The Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) requires that a listed corporation establish an internal audit function which is independent of the activities it audits and reports to the Audit Committee directly. The Board acknowledges the importance of the internal audit function and an in-house Internal Audit Department is set up to provide the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group’s systems of internal control. Mr. Lum Kah Kit is the head of internal audit department and he is currently pursuing a professional certification from the Association of Chartered Certified Accountants (“ACCA”). He has experience and exposure in the Internal Audit field. The internal audit activities were reported directly to the Audit and Risk Management Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

Internal audit assignments were carried out during the financial year under review based on a risk-based audit approach. The internal auditors reported their audit findings and recommendations to the Audit and Risk Management Committee members during Audit and Risk Management Committee meetings.

In the year under review, the following review on Digistar Group’s operations were undertaken by the internal auditors:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(1) Full Image Sdn Bhd

Procurement Management and Inventory Management to ensure existing internal control, risk management and corporate governance are in place and functioning as intended.

The findings arising from the above reviews have been reported to the management for their response and subsequently for the Audit Committee deliberation. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- i) An organisation structure with clearly define lines of responsibility, authority and accountability;
- ii) Regular Board and management meetings are held where information is provided to the Board and management covering financial performances and operations;
- iii) Regular training and development programs are attended by employees with the objective of enhancing their knowledge and competency; and
- iv) Management accounts and reports are prepared regularly for the monitoring of operational and financial performances.

The internal control system will continue to be reviewed, added on or updated in line with the changes in the Group's operating environment.

CONTROL WEAKNESS

The management continues to take measures to strengthen the control environment. In the year under review, there were no material losses, incurred as a result of weakness in the internal controls that would require disclosure in this annual report.

CONCLUSION

The Board has undertaken a review on the adequacy and effectiveness of the risk management and internal control system which comprise the respective framework, management processes, monitoring processes described in this statement and considered them adequate and effective. While the Board acknowledges that the system of risk management and internal control does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that may result in poor judgment, it has nonetheless received assurance from the Group Managing Director and three other Executive Directors that the Company's risk management and internal control system is operating adequately and effectively, in all material respects, for the financial year ended 30 September 2021. The Group continues to take appropriate measures to enhance and strengthen the internal control environment where possible.

This statement was approved by the board of directors on 20 January 2022.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Audit and Assurance Practice Guides (AAPG) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

STATEMENT OF DIRECTORS'S RESPONSIBILITIES

The Directors of the Company are required to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs and results of the Company and the Group.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 30 September 2021 and the financial performance and cash flows of the Company and the Group for the financial year ended on that date.

In preparing the financial statements for the financial year ended 30 September 2021, the Directors have:

- a) adopted the relevant and appropriate accounting policies consistently;
- b) made judgments and estimates that are reasonable and prudent;
- c) adopted applicable accounting standards, subjects to any material departures, if any, which will be disclosed and explained in the financial statements; and
- d) prepared the financial statements on the assumption that the Company and the Group will operate as going concern.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit and Risk Management Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2021.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

Financial Results

	Group RM	Company RM
Loss for the financial year	<u>(8,299,024)</u>	<u>(23,594,484)</u>
Attributable to:		
Owners of the parent	(6,665,225)	(23,594,484)
Non-controlling interests	<u>(1,633,799)</u>	<u>-</u>
	<u>(8,299,024)</u>	<u>(23,594,484)</u>

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any dividend in respect of the current financial year.

DIRECTORS' REPORT (CONT'D)

Issue of Shares and Debentures

During the financial year, the Company issued 260,384,403 new ordinary shares of RM0.05 each for a total consideration of RM13,019,220 for working capital purposes pursuant to the Company's renounceable rights issue of 260,384,403 new ordinary shares in the Company ("Rights Share(s)") on the basis of 1 Rights Share for every 3 existing ordinary shares held together with 260,384,403 free detachable warrants ("Warrant(s) C") on the basis of 1 Warrant C for every 1 Rights Share subscribed by the entitled shareholders at an issue price of RM0.05 per Rights Share.

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

There was no issuance of debentures during the financial year.

Treasury Shares

As at 30 September 2021, the Company held 7,372,808 treasury shares out of the total 1,048,916,802 issued ordinary shares. Further, relevant details are disclosed in Note 17 to the financial statements.

Options Granted Over Unissued Shares

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

Warrants 2013/2023

During the financial year, the Company issued a further 7,653,807 Warrants 2013/2023 pursuant to the adjustments to the outstanding Warrants 2013/2023 as a consequence of the Rights Issue with Warrants during the financial year. As at the end of the financial year, the Company had 81,678,141 Warrants 2013/2023 in issue. The Warrants 2013/2023 are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 11 April 2013. The salient features of Warrants 2013/2023 as constituted in the Deed Poll dated 4 March 2013 are as follows:

Terms	Details
Exercise Period	The Warrants shall be exercisable at any time within the period commencing from the date of issue of the Warrants and will be expiring on 4 April 2023. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	RM0.26 payable in full upon the exercise of each Warrant.
Exercise Rights	Each Warrant entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price at any time during the exercise period.
Mode of Exercise	The registered holder of the Warrants shall pay cash for the exercise price when subscribing for the new ordinary shares in the Company.

DIRECTORS' REPORT

(CONT'D)

Warrants 2013/2023 (Cont'd)

During the financial year, the Company issued a further 7,653,807 Warrants 2013/2023 pursuant to the adjustments to the outstanding Warrants 2013/2023 as a consequence of the Rights Issue with Warrants during the financial year. As at the end of the financial year, the Company had 81,678,141 Warrants 2013/2023 in issue. The Warrants 2013/2023 are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 11 April 2013. The salient features of Warrants 2013/2023 as constituted in the Deed Poll dated 4 March 2013 are as follows: (Cont'd)

Terms	Details
Listing	Approval in principle from Bursa Malaysia Securities Berhad ("Bursa Securities") was obtained on 11 April 2013 for admission of the Warrants to the official list as well as the listing of the new ordinary shares arising from the exercise of the Warrants.
Board Lots	The Warrants are tradable from 11 April 2013 in board lots of 100 warrants carrying the right to subscribe for 100 new ordinary shares of the Company.
Ranking of the new ordinary shares to be issued pursuant to the exercise of the Warrants	The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up ordinary shares of the Company, save and except that they will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new ordinary shares to be issued pursuant to the exercise of the Warrants.

As at 30 September 2021, the total numbers of Warrants 2013/2023 that remain unexercised were 81,678,141.

Warrants 2021/2026

During the financial year, the Company issued 260,384,403 free detachable warrants ("Warrants 2021/2026") pursuant to the Company's renounceable rights issue with free detachable warrants. As at the end of the financial year, the Company had 260,384,403 Warrants 2021/2026 in issue. The Warrants 2021/2026 are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 1 June 2021. The salient features of Warrants 2021/2026 as constituted in the Deed Poll dated 16 April 2021 are as follows:

Terms	Details
Exercise Period	The Warrants may be exercised at any time within a period of 5 years, which shall commence from and including the date of issuance of the Warrants and ending on the Expiry Date ("Exercise Period"). The Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	RM0.10 per Warrant or such adjusted price as determined in the Deed Poll.

DIRECTORS' REPORT (CONT'D)

Warrants 2021/2026 (Cont'd)

During the financial year, the Company issued 260,384,403 free detachable warrants ("Warrants 2021/2026") pursuant to the Company's renounceable rights issue with free detachable warrants. As at the end of the financial year, the Company had 260,384,403 Warrants 2021/2026 in issue. The Warrants 2021/2026 are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 1 June 2021. The salient features of Warrants 2021/2026 as constituted in the Deed Poll dated 16 April 2021 are as follows: (Cont'd)

Terms	Details
Exercise Rights	Each Warrant entitles the registered holders, at any time during the Exercise Period, to subscribe for new ordinary shares on the basis of 1 new ordinary share for 1 Warrant at the exercise price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll ("Exercise Rights").
Mode of Exercise	The registered holder of the Warrant is required to lodge a subscription form as set out in the Deed Poll with the Company's registrar, duly completed and signed together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia or via online payment gateway for the Subscription Form lodged electronically in accordance with the provisions of the Deed Poll.
Listing Status	The Warrants and new ordinary shares to be issued pursuant to the exercise of the Warrants will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").
Board Lot	For the purpose of trading in Bursa Securities, a board lot of the Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new ordinary shares at any time during the Exercise Period, or in such denomination as determined by Bursa Securities.
Ranking of new ordinary shares arising from the exercise of the Warrants	The new ordinary shares to be issued arising from the exercise of the Warrants will, upon allotment and issue, rank equally in all respects with the then existing ordinary shares, save and except that the new ordinary shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/or any other forms of distribution precedes the relevant date of allotment and issuance of the new ordinary shares.

As at 30 September 2021, the total numbers of Warrants 2021/2026 that remain unexercised were 260,384,403.

DIRECTORS' REPORT

(CONT'D)

Directors

The Directors in office since the beginning of the financial year until the date of this report are:

Mejar (K) Datuk Wira Lee Wah Chong *
 Dato' Haji Ishak Bin Haji Mohamed *
 Lee Jin Jean *
 Lee Chun Szen *
 Thee Kok Chuan
 Tan Sri Dato' Ir. Haji Zaini Bin Omar *
 Lee Mey Ling *

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report:

Mohd Saleh Bin Jusman
 Gelayan Anak Mambang
 Mendong Anak Ato
 Dato' Badrul Hisham Bin Muhammad (Appointed on 3 August 2021)

** Director of the Company and of its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares and warrants over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.10.2020	Bought Sold	At 30.9.2021
Interests in the Company			
Direct Interests			
Mejar (K) Datuk Wira Lee Wah Chong	142,637,381	- (142,637,381)	-
Lee Jin Jean	328,571	-	328,571
Lee Chun Szen	328,571	-	328,571
Indirect Interests			
Mejar (K) Datuk Wira Lee Wah Chong *	66,781,873	141,716,176	- 208,498,049

DIRECTORS' REPORT (CONT'D)

Directors' Interests in Shares (Cont'd)

The interests and deemed interests in the shares and warrants over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of warrants 2013/2023			
	At 1.10.2020	Bought	Sold	At 30.9.2021
Interests in the Company				
Direct Interests				
Mejar (K) Datuk Wira Lee Wah Chong	4,783,981	-	(4,783,981)	-
Indirect Interests				
Mejar (K) Datuk Wira Lee Wah Chong *	13,605,186	6,674,202	-	20,279,388

	Number of warrants 2021/2026			
	At 1.10.2020	Bought	Sold	At 30.9.2021
Interests in the Company				
Indirect Interests				
Mejar (K) Datuk Wira Lee Wah Chong *	-	69,208,302	-	69,208,302

* *Deemed interest by virtue of the shareholding in LWC Capital Sdn. Bhd. and shares held by spouse and children.*

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

(CONT'D)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 29 and 32 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

DIRECTORS' REPORT (CONT'D)

Other Statutory Information (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances: (Cont'd)
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Significant Event

The details of the significant event are disclosed in Note 36 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 January 2022.

TAN SRI DATO' IR. HAJI ZAINI BIN
OMAR

MEJAR (K) DATUK WIRA LEE WAH
CHONG

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 55 to 172 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 January 2022.

TAN SRI DATO' IR. HAJI ZAINI BIN
OMAR

MEJAR (K) DATUK WIRA LEE WAH
CHONG

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, LEE MEY LING, NRIC No.: 730225-04-5168 (MIA Membership No.: 21788), being the Director primarily responsible for the financial management of Digistar Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 55 to 172 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 20 January 2022)

LEE MEY LING

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digistar Corporation Berhad, which comprise the statements of financial position as at 30 September 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<p>Impairment of receivables</p> <p>As at 30 September 2021, the carrying value of Group's trade and other receivables and contract assets amounting to RM169,285,290 which represents 50% of the Group's total assets.</p> <p>The nature of the industry exposes the Group to credit risk. The assessment for impairment for trade and other receivables and contracts assets involves significant management judgement, taking into consideration the age of the trade debts, historical payment patterns, existence of disputes and other available information concerning the recoverability of the receivables. Accordingly, impairment of trade and other receivables and contract assets has been identified as a key audit matter.</p> <p>The aforementioned impairment review gave rise to accumulated impairment loss of RM15,007,672 as at 30 September 2021.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained understanding of significant credit exposure which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management. • Assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss; and tested the accuracy and completeness of the data used by the management.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment of receivables (Cont'd)	<p>Our audit procedures included the following: (Cont'd)</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the amount of impairment loss and enquired the management regarding the recoverability of receivables that are past due but not impaired and reviewed of customers' correspondence. • Reviewed the appropriateness of the indicators of impairment and disclosures made in accordance with MFRS 9 <i>Financial Instruments</i>.

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)****[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)****Key Audit Matters (Cont'd)**

Key Audit Matters	How we addressed the key audit matters
<p>Impairment assessment on investment in subsidiary companies and recoverability of amount due from subsidiary companies</p> <p>As at 30 September 2021, the carrying amounts of the Company's investment in subsidiary companies and amount due from subsidiary companies amounted to RM32,466,230 and RM121,330,890 representing approximately 21% and 77% of the Company's total assets respectively.</p> <p>The management has performed impairment assessment by comparing the carrying amounts of investment in subsidiaries and amounts due from subsidiaries against their recoverable amounts based on the value in use ("VIU") method and assets belonging to subsidiaries. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating units ("CGU") and discounting them at an appropriate rate. The key assumptions involved in the assessment of the VIU are revenue forecast and projection, discount rate, and the timing from the CGU, and discounting them at an appropriate rate.</p> <p>The impairment review was significant to our audit because the assessment process is highly subjective and complex, which involves significant management judgement and critical estimates over the key assumptions used in the projected cash flow and the discounted rates.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the value in use based on the discounted cash flows used by management in determine the recoverable amounts. Compared net tangible assets over the costs of investment in the subsidiary companies. Compared and challenged management's view on the key assumptions. Evaluated the assumptions applied in the determination of the amount and timing of receipts from subsidiary companies with respect to cash flows projections. Evaluated the reasonableness and adequacy of the allowance for impairment recognised.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (CONT'D)
[Company No.: 200301001232 (603652-K)] (Incorporated in Malaysia)

Other Matters

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

UHY

Firm Number: AF 1411

Chartered Accountants

LIM WAN YINN

Approved Number: 03262/04/2023 J

Chartered Accountant

KUALA LUMPUR

20 January 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	5,783,600	8,071,290	-	-
Investment properties	5	24,531,144	20,970,683	-	-
Right-of-use assets	6	72,994,708	74,997,351	-	-
Intangible asset	7	635,465	939,988	-	-
Investment in subsidiary companies	8	-	-	32,466,230	33,572,742
Deferred tax assets	9	-	700,000	-	-
Trade receivables	10	145,799,526	153,856,612	-	-
Amount due from subsidiary companies	11	-	-	121,330,890	130,259,965
		249,744,443	259,535,924	153,797,120	163,832,707
Current Assets					
Trade receivables	10	18,897,997	20,743,928	-	-
Inventories	12	1,669,424	2,314,134	-	-
Contract assets	13	-	869,741	-	-
Other receivables	14	4,587,767	12,706,320	4,925	22,285
Tax recoverable		137,135	389,537	-	85,337
Deposits, cash and bank balances	15	62,630,616	58,501,328	4,159,567	4,318,946
		87,922,939	95,524,988	4,164,492	4,426,568
Total Assets		337,667,382	355,060,912	157,961,612	168,259,275

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY					
Share capital	16	117,955,849	104,936,629	117,955,849	104,936,629
Treasury shares	17	(3,248,747)	(3,248,747)	(3,248,747)	(3,248,747)
Reserves	18	(48,538,632)	(41,218,611)	(37,354,892)	(13,760,408)
Equity attributable to owners of the parent		66,168,470	60,469,271	77,352,210	87,927,474
Non-controlling interests		(4,744,416)	(3,765,413)	-	-
Total Equity		61,424,054	56,703,858	77,352,210	87,927,474
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	19	250,244	541,620	-	-
Bank borrowings	20	3,003,026	3,261,335	-	-
Bonds	21	219,389,964	212,524,767	-	-
Deferred tax liabilities	9	10,767,290	11,348,350	-	-
		233,410,524	227,676,072	-	-
Current Liabilities					
Amount due to subsidiary companies	11	-	-	80,509,649	80,104,497
Contract liabilities	13	1,167,639	1,189,295	-	-
Lease liabilities	19	270,223	247,587	-	-
Bank borrowings	20	2,950,491	2,020,687	-	-
Bonds	21	21,249,941	46,018,541	-	-
Trade payables	22	2,991,359	3,082,908	-	-
Other payables	23	14,197,151	18,056,842	99,753	227,304
Tax payable		6,000	65,122	-	-
		42,832,804	70,680,982	80,609,402	80,331,801
Total Liabilities		276,243,328	298,357,054	80,609,402	80,331,801
Total Equity and Liabilities		337,667,382	355,060,912	157,961,612	168,259,275

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

**STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	24	16,516,644	26,261,336	-	-
Costs of sales		<u>(7,403,567)</u>	<u>(14,595,690)</u>	<u>-</u>	<u>-</u>
Gross profit		9,113,077	11,665,646	-	-
Other income		24,943,504	27,990,508	147,538	1,658,975
Administrative expenses		(13,553,105)	(14,389,295)	(707,057)	(505,248)
Selling and distribution expenses		(758,798)	(1,374,942)	-	-
Other expenses		(7,127,128)	(6,072,097)	(1,106,514)	(656,602)
Net (loss)/gain on impairment of financial instruments		<u>(2,739,881)</u>	<u>1,787,240</u>	<u>(20,800,222)</u>	<u>(3,839,514)</u>
Profit/(Loss) from operations		9,877,669	19,607,060	(22,466,255)	(3,342,389)
Finance costs	25	<u>(17,833,895)</u>	<u>(18,978,358)</u>	<u>(1,042,892)</u>	<u>(1,047,882)</u>
(Loss)/Profit before tax	26	(7,956,226)	628,702	(23,509,147)	(4,390,271)
Taxation	27	<u>(342,798)</u>	<u>(1,635,951)</u>	<u>(85,337)</u>	<u>-</u>
Loss for the financial year, representing total comprehensive loss for the financial year		<u>(8,299,024)</u>	<u>(1,007,249)</u>	<u>(23,594,484)</u>	<u>(4,390,271)</u>

**STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Loss for the financial year, representing total comprehensive loss for the financial year attributable to:					
Owners of the parent		(6,665,225)	(2,750,021)	(23,594,484)	(4,390,271)
Non-controlling interests		(1,633,799)	1,742,772	-	-
		<u>(8,299,024)</u>	<u>(1,007,249)</u>	<u>(23,594,484)</u>	<u>(4,390,271)</u>
Loss per share attributable to owners of the parent:					
Basic loss per share (sen)	28	<u>(0.76)</u>	<u>(0.38)</u>		
Diluted loss per share (sen)	28	(0.76)	(0.38)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Attributable to Owners of the Parent						
	Non-Distributable						Total Equity RM
	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Discount on Share RM	Accumulated Losses RM	Total RM	
Note							
Group							
At 1 October 2020	104,936,629	(3,248,747)	6,004,487	-	(47,223,098)	60,469,271	(3,765,413) 56,703,858
Transactions with owners:							
Acquisition of non-controlling interests	-	-	-	-	(654,796)	(654,796)	654,796
Right issue with warrants	13,019,220	-	5,475,571	(5,475,571)	-	13,019,220	- 13,019,220
	13,019,220	-	5,475,571	(5,475,571)	(654,796)	12,364,424	654,796 13,019,220
Loss for the financial year, representing total other comprehensive loss for the financial year	-	-	-	-	(6,665,225)	(6,665,225)	(1,633,799) (8,299,024)
At 30 September 2021	117,955,849	(3,248,747)	11,480,058	(5,475,571)	(54,543,119)	66,168,470	(4,744,416) 61,424,054

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

Attributable to Owners of the Parent							
Non-Distributable							
	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group (Cont'd)							
At 1 October 2019	102,332,764	(3,248,747)	6,004,487	(44,473,077)	60,615,427	(5,508,185)	55,107,242
Transaction with owners:							
Issue of ordinary shares	16	2,603,865	-	-	2,603,865	-	2,603,865
(Loss)/Profit for the financial year, representing total other comprehensive (loss)/income for the financial year		-	-	(2,750,021)	(2,750,021)	1,742,772	(1,007,249)
At 30 September 2020	104,936,629	(3,248,747)	6,004,487	(47,223,098)	60,469,271	(3,765,413)	56,703,858

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

	Note	Non-Distributable					Total Equity RM
		Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Discount on Share RM	Accumulated Losses RM	
Company							
At 1 October 2020		104,936,629	(3,248,747)	6,004,487	-	(19,764,895)	87,927,474
Transaction with owners:							
Right issue with warrants	16,18	13,019,220	-	5,475,571	(5,475,571)	-	13,019,220
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(23,594,484)	(23,594,484)
At 30 September 2021		117,955,849	(3,248,747)	11,480,058	(5,475,571)	(43,359,379)	77,352,210

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

	Non-Distributable				Total Equity RM
	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Accumulated Losses RM	
Company (Cont'd)					
At 1 October 2019	102,332,764	(3,248,747)	6,004,487	(15,374,624)	89,713,880
Transaction with owners:					
Issue of ordinary shares	16 2,603,865	-	-	-	2,603,865
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(4,390,271)	(4,390,271)
At 30 September 2020	104,936,629	(3,248,747)	6,004,487	(19,764,895)	87,927,474

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(7,956,226)	628,702	(23,509,147)	(4,390,271)
Adjustments for:					
Amortisation of:					
- Deferred payment of bonds		2,068,627	2,302,422	-	-
- Intangible asset		217,914	242,754	-	-
- Investment properties		206,443	257,693	-	-
Bad debts written off:					
- Contract assets		-	2,005,394	-	-
- Trade receivables		153,349	399,695	-	-
- Other receivables		1,788,401	102,128	-	-
Depreciation of property, plant and equipment		2,439,221	2,853,168	-	-
Depreciation of right-of-use assets		1,976,932	2,066,705	-	-
Gain on disposal of investment properties		-	(237,918)	-	-
Gain on modification of lease term		(898)	-	-	-
Impairment losses on:					
- Amount due from subsidiary companies		-	-	20,800,222	3,839,514
- Investment in subsidiary companies		-	-	1,106,514	656,600
- Trade receivables		3,016,144	1,681,291	-	-
- Other receivables		1,430,698	48,467	-	-

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)**

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Cash flows from operating activities (Cont'd)					
Adjustemnts for: (Cont'd)					
Interest expense		15,765,268	16,675,936	1,042,892	1,047,882
Interest income:					
- Concession receivable		(22,640,948)	(23,512,156)	-	-
- Deposits with licensed banks		(780,350)	(1,511,141)	(76,614)	(111,466)
- Trade receivables		(42,973)	(87,031)	-	-
- Others		(197,591)	(223,068)	-	-
Reversal of impairment losses on:					
- Investment in subsidiary companies		-	-	-	(1,540,009)
- Trade receivables		(1,184,850)	(3,227,919)	-	-
- Other receivables		(522,111)	(289,079)	-	-
Unrealised gain on foreign exchange		(55,025)	(11,400)	-	-
Written off of:					
- Intangible asset		86,609	63,197	-	-
- Inventories		622,041	-	-	-
- Property, plant and equipment		-	2,054	-	-
Operating (loss)/profit before working capital changes		(3,609,325)	229,894	(636,133)	(497,750)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities (Cont'd)					
Changes in working capital:					
Contract assets/liabilities		848,085	(2,772,396)	-	-
Inventories		22,669	(62,972)	-	-
Trade and other receivables		36,035,912	34,852,656	17,358	27,282
Trade and other payables		(4,030,520)	3,040,531	(127,551)	71,943
Cash generated from/ (used in) operations		29,266,821	35,287,713	(746,326)	(398,525)
Interest paid		(142,569)	(124,142)	-	-
Interest received		42,973	87,031	-	-
Tax paid		(248,174)	(278,138)	-	-
Tax refunded		217,596	202,601	-	-
Net cash from/(used in) operating activities		29,136,647	35,175,065	(746,326)	(398,525)

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities					
Acquisition of:					
- Investment properties	5	(3,766,904)	(234,941)	-	-
- Property, plant and equipment	4	(151,531)	(2,887,176)	-	-
Advances to subsidiary companies		-	-	(11,871,147)	(52,268,735)
Changing of surplus funds placed in fixed deposits with licensed banks		(510,518)	4,903,388	-	-
Interest received		977,941	1,734,209	76,614	111,466
Net withdrawal/ (placement) of fixed deposits pledged with licensed banks		4,169,433	(3,062,395)	-	-
Withdrawal of deposits from/(Placement of deposits into) Debt Service Reserve Account		3,079,337	(1,135,665)	-	-
Proceeds from disposal of investment properties		-	708,000	-	-
Proceeds from disposal of property, plant and equipment		-	49,454	-	-
Net cash from/(used in) investing activities		<u>3,797,758</u>	<u>74,874</u>	<u>(11,794,533)</u>	<u>(52,157,269)</u>

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Cash flows from financing activities					
Advances from/					
(Repayment to)					
directors	30	79,280	(22,765)	-	(7,500)
Interest paid		(15,594,729)	(16,666,053)	-	-
Net repayment of bonds	30	(20,000,000)	(20,000,000)	-	-
Net proceeds from/					
(repayment of)					
term loans	30	670,808	(170,667)	-	-
Payments of lease					
liabilities	30	(242,131)	(9,030,507)	-	-
Proceeds from issue of					
share capital	16	-	2,603,865	-	2,603,865
Proceeds from right					
issue with warrants	16	13,019,220	-	13,019,220	-
(Repayment to)/					
Advances from					
subsidiary companies	30	-	-	(637,740)	49,774,740
Net cash (used in)/from					
financing activities		<u>(22,067,552)</u>	<u>(43,286,127)</u>	<u>12,381,480</u>	<u>52,371,105</u>
Net increase/(decrease)					
in cash and cash					
equivalents		10,866,853	(8,036,188)	(159,379)	(184,689)
Cash and cash					
equivalents at the					
beginning of the					
financial year		<u>13,753,273</u>	<u>21,789,461</u>	<u>318,946</u>	<u>503,635</u>
Cash and cash					
equivalents at the					
end of the financial					
year		<u>24,620,126</u>	<u>13,753,273</u>	<u>159,567</u>	<u>318,946</u>

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)**

		Group		Company	
		2021	2020	2021	2020
Note		RM	RM	RM	RM
Cash and cash equivalents at the end of the financial year comprise:					
Fixed deposits with licensed banks	15	44,413,442	46,291,102	4,000,000	4,000,000
Cash and bank balances	15	18,217,174	12,210,226	159,567	318,946
Total deposits, cash and bank balances		62,630,616	58,501,328	4,159,567	4,318,946
Less: Bank overdrafts	20	(1,759,535)	(1,758,848)	-	-
Less: Surplus funds placed in fixed deposits with licensed banks	15	(6,550,907)	(6,040,389)	-	-
Less: Deposits not for short-term funding requirements	15	(25,578,640)	(29,748,073)	(4,000,000)	(4,000,000)
Less: Debt Service Reserve Account	15	(4,121,408)	(7,200,745)	-	-
		24,620,126	13,753,273	159,567	318,946

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021

1. Corporate Information

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

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at B6/4/4, 3th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRSs Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 16	Covid-19-Related Rent Concessions

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year: (Cont'd)

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group and the Company intend to adopt the above amendments to MFRSs when they become effective.

The initial application of the above-mentioned amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements: (Cont'd)

Classification of concession assets

The Group entered into concession agreement with the Government of Malaysia (the "Grantor") under a private finance initiative for the right and authority to undertake the design, develop, construct and complete the facilities and infrastructure for Jabatan Kerja Raya ("JKR") Training Institute and to carry out the maintenance works in relation for the maintenance of the facilities and infrastructure.

Under these arrangements, JKR will pay the Group throughout the concession period the availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provision of the concession agreements. These amounts receivable are accounted for using the financial assets model.

Revenue recognition in relation to concession arrangement

Interest income resulting from the accretion of discount on concession receivable using the effective interest method is described in Note 3(g).

Significant judgement is required in determining the profit margin used in estimating the relative fair value of various services provided in concession agreements. In making these judgements, management evaluates by making reference to the current condition and operating environment of companies in the similar industry in Malaysia.

Recognition of revenue from contracts

The Group recognises contract revenue based on the percentage of completion method. The stage of completion of the contracts is measured in accordance with the accounting policies set out in Note 3(s) below.

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Judgements (Cont'd)**

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements: (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal option - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements: (Cont'd)

Determining the lease term of contracts with renewal option - Group as lessee (Cont'd)

The Group includes the renewal period as part of the lease term for lease of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

Key sources of estimation uncertainty

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

Useful lives/depreciation of property, plant and equipment, investment properties and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties and ROU assets.

The carrying amounts at the reporting date for property, plant and equipment, investment properties and ROU assets are disclosed in Notes 4, 5 and 6 respectively.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Impairment of property, plant and equipment

The Group assesses whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 8.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and services are based on invoiced values or retail price. Discounts are not considered as they are not only given in rare circumstances.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, contract assets and amount due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history and existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for trade and other receivables, contract assets and amount due from subsidiary companies are disclosed in Notes 10, 11, 13 and 14.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Income taxes (Cont'd)

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 September 2021, the Group has tax recoverable and tax payable of RM137,135 (2020: RM389,537) and RM6,000 (2020: RM65,122) respectively; the Company has tax recoverable of RM Nil (2020: RM85,337).

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 34(d) regarding financial liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of the subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o) to the financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****3. Significant Accounting Policies (Cont'd)****(c) Property, plant and equipment (Cont'd)****(iii) Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Office lot, shophouse and office unit	50 years
Computers and printers	4 - 5 years
Site office cabins, plant and machinery, furniture and fittings	3 - 10 years
Office equipment, renovation and close-circuit television	3 - 10 years
Motor vehicles	5 years
Buildings	50 years

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

(d) LeasesAs lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessee (Cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	Over the remaining lease period/term
Motor vehicles	5 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the leases of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of MFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land and capital work-in-progress are not depreciated. Other investment properties are depreciated on straight line basis to write down the cost of each asset to its residual value over its estimated useful lives. The estimated useful lives of the investment properties as follows:

Leasehold land	Over the remaining period of the lease
Buildings	50 years
Office renovation	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their use or disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(f) Intangible assets

(i) Customer base

The Group's intangible assets which are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets for intangible assets.

(g) Concession receivable

The Group has concession arrangements with the Grantor to design, develop, construct and complete the facilities and infrastructure for JKR Training Institute ("concession asset") and to carry out the asset management services for a concession period of 18 years and transfer the concession asset to the Grantor as at the end of concession period.

The Group accounts for its concession arrangements under the financial assets model as the Group has an unconditional right to receive cash or another financial asset from or at the discretion of the Grantor for the construction services. The consideration received and receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately identified. The allocation is performed by reference to the fair value of the services provided even if the contract stipulates individual prices for certain services. This is because, the amounts specified in the contracts may not necessarily be representative of the fair values of the services provided or the price that would be changed if the services were sold on a standalone basis.

The Group estimates the relative fair values of the services by reference to the costs of providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the Grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expires.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(h) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade receivables, other receivables, amount due from subsidiary companies and deposits, cash and bank balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income

Debt instruments

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

(b) Financial assets at fair value through other comprehensive income (Cont'd)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets as FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(j) Offsetting of financial instruments

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Completed property

The cost of unsold completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(ii) Other inventories

Cost of other inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition is stated on a first-in-first-out basis.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(k) Inventories (Cont'd)

(ii) Other inventories (Cont'd)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognised in a given period. Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by reference to the surveys of work performed up to the end of the reporting period. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(m) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(m) Contract assets and contract liabilities (Cont'd)

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iii) Warrants

Warrants are classified as equity instrument and its value is allocated based on the closing price of the first trading day, if the warrant is listed, or estimated using option pricing models, if the warrant is not listed.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(p) Share capital (Cont'd)

(iii) Warrants (Cont'd)

The issuance of the ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses, fees, allowances and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(r) Employee benefits (Cont'd)

(i) Short term employee benefits (Cont'd)

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(s) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(s) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

(a) Revenue from construction contracts (Cont'd)

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. surveys of work performed). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(q) to the financial statements.

(b) Sale of goods

Revenue from sale of goods is recognised when control of the products has transferred, being at the point the customer purchases the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(s) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

(c) Security service and maintenance income

Revenue is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue is recognised using an input method to measure progress towards complete satisfaction of the services.

(d) Room revenue

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guest.

(e) Food beverage and other ancillary service revenue

Revenue from food and beverage and other ancillary services are generally recognised at the point in time when the services are rendered.

(f) Management fee

Revenue from management fees is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****3. Significant Accounting Policies (Cont'd)****(t) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(u) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(w) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or nonoccurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

4. Property, Plant and Equipment

	Office lot, shophouse and office unit RM	Computers and printers RM	Site office cabins, plant and machinery, furniture and fittings RM	Office equipment, renovation and close- circuit television RM	Motor vehicles RM	Total RM
Group 2021 Cost						
At 1 October 2020	1,438,404	3,823,586	1,423,775	14,697,538	2,003,452	23,386,755
Additions	-	36,874	-	114,657	-	151,531
At 30 September 2021	1,438,404	3,860,460	1,423,775	14,812,195	2,003,452	23,538,286
Accumulated depreciation						
At 1 October 2020	550,470	3,446,722	1,188,808	8,126,643	2,002,822	15,315,465
Charge for the financial year	41,862	88,246	82,899	2,225,584	630	2,439,221
At 30 September 2021	592,332	3,534,968	1,271,707	10,352,227	2,003,452	17,754,686
Carrying amount						
At 30 September 2021	846,072	325,492	152,068	4,459,968	-	5,783,600

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

	Office lot, shophouse and office unit	Computers and printers	Site office cabins, plant and machinery, furniture and fittings	Office equipment, renovation and close- circuit television	Motor vehicles	Buildings	Capital work-in- progress	Leasehold land	Car park	Total
Group 2020	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost										
At 1 October 2019	1,438,404	3,861,750	1,409,292	13,158,502	4,271,612	68,678,103	610,300	1,348,276	2,563,048	97,339,287
- Effect of adopting MFRS16	-	-	-	-	(2,268,160)	(68,678,103)	-	-	-	(70,946,263)
At 1 October 2019, restated	1,438,404	3,861,750	1,409,292	13,158,502	2,003,452	-	610,300	1,348,276	2,563,048	26,393,024
Additions	-	50,070	21,385	2,815,721	-	-	-	-	-	2,887,176
Disposals	-	(18,144)	-	(69,940)	-	-	-	-	-	(88,084)
Reclassification	-	-	-	610,300	-	-	(610,300)	-	-	-
Transfer to investment properties	-	-	-	-	-	-	-	-	-	-
(Note 5)	-	-	-	-	-	-	-	(1,348,276)	(2,563,048)	(3,911,324)
Written off	-	(70,090)	(6,902)	(1,817,045)	-	-	-	-	-	(1,894,037)
At 30 September 2020	1,438,404	3,823,586	1,423,775	14,697,538	2,003,452	-	-	-	-	23,386,755

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

Group 2020 (Cont'd)	Office lot, shophouse and office unit RM	Computers and printers RM	Site office cabins, plant and machinery, furniture and fittings RM	Office equipment, renovation and close- circuit television RM	Motor vehicles RM	Buildings RM	Capital work-in- progress RM	Leasehold land RM	Car park RM	Total RM
Accumulated depreciation										
At 1 October 2019	547,890	3,337,632	1,079,490	6,750,525	2,976,903	453,892	-	125,603	181,037	15,452,972
- Effect of adopting MFRS16	-	-	-	-	(1,164,876)	(453,892)	-	-	-	(1,618,768)
At 1 October 2019, restated	547,890	3,337,632	1,079,490	6,750,525	1,812,027	-	-	125,603	181,037	13,834,204
Charge for the financial year	2,580	182,582	116,220	2,360,991	190,795	-	-	-	-	2,853,168
Disposals	-	(3,402)	-	(35,228)	-	-	-	-	-	(38,630)
Transfer to investment properties (Note 5)	-	-	-	-	-	-	-	(125,603)	(181,037)	(306,640)
Written off	-	(70,090)	(6,902)	(949,645)	-	-	-	-	-	(1,026,637)
At 30 September 2020	550,470	3,446,722	1,188,808	8,126,643	2,002,822	-	-	-	-	15,315,465

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

Group	Office lot, shophouse and office unit	Computers and printers	Site office cabins, plant and machinery, furniture and fittings	Office equipment, renovation and close-circuit television	Motor vehicles	Buildings	Capital work-in-progress	Leasehold land	Car park	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2020 (Cont'd)										
Accumulated impairment										
At 1 October 2019	-	-	-	865,346	-	-	-	-	-	865,346
Written off	-	-	-	(865,346)	-	-	-	-	-	(865,346)
At 30 September 2020	-	-	-	-	-	-	-	-	-	-
Carrying amount										
At 30 September 2020	887,934	376,864	234,967	6,570,895	630	-	-	-	-	8,071,290

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group of RM36,690 (2020: RM38,640) were pledged as securities for the bank borrowings as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

5. Investment Properties

Group 2021 Cost	Leasehold land RM	Freehold land RM	Leasehold building RM	Freehold building RM	Office renovation RM	Capital work-in- progress RM	Total RM
At 1 October 2020	7,504,199	8,736,809	6,040,290	385,000	-	712,905	23,379,203
Additions	-	-	666,230	-	-	3,100,674	3,766,904
At 30 September 2021	7,504,199	8,736,809	6,706,520	385,000	-	3,813,579	27,146,107
Accumulated depreciation							
At 1 October 2020	908,184	-	1,444,507	55,829	-	-	2,408,520
Charge for the financial year	89,585	-	109,154	7,704	-	-	206,443
At 30 September 2021	997,769	-	1,553,661	63,533	-	-	2,614,963
Carrying amount							
At 30 September 2021	6,506,430	8,736,809	5,152,859	321,467	-	3,813,579	24,531,144
Fair value of investment properties							
At 30 September 2021	7,554,000	8,868,000	9,691,000	365,000	-	-	26,478,000

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****5. Investment Properties (Cont'd)**

Group 2020	Leasehold land RM	Freehold land RM	Leasehold building RM	Freehold building RM	Office renovation RM	Capital work-in- progress RM	Total RM
Cost							
At 1 October 2019	6,189,781	8,736,809	3,633,384	770,000	78,495	477,964	19,886,433
Additions	-	-	-	-	-	234,941	234,941
Disposals	(33,858)	-	(156,142)	(385,000)	(78,495)	-	(653,495)
Transfer from property, plant and equipment (Note 4)	1,348,276	-	2,563,048	-	-	-	3,911,324
At 30 September 2020	7,504,199	8,736,809	6,040,290	385,000	-	712,905	23,379,203
Accumulated depreciation							
At 1 October 2019	699,349	-	1,171,252	100,741	56,258	-	2,027,600
Charge for the financial year	89,885	-	151,032	12,198	4,578	-	257,693
Disposals	(6,653)	-	(58,814)	(57,110)	(60,836)	-	(183,413)
Transfer from property, plant and equipment (Note 4)	125,603	-	181,037	-	-	-	306,640
At 30 September 2020	908,184	-	1,444,507	55,829	-	-	2,408,520
Carrying amount							
At 30 September 2020	6,596,015	8,736,809	4,595,783	329,171	-	712,905	20,970,683
Fair value of investment properties							
At 30 September 2020	8,975,215	10,528,000	11,600,680	580,071	-	-	31,683,966

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

5. Investment Properties (Cont'd)

(a) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021	2020
	RM	RM
Rental income	66,000	58,775
Direct operating expenses:		
- Income generating investment properties	20,486	19,803
- Non-income generating investment properties	2,325	10,317
	88,811	88,895

(b) Investment properties pledged as securities to financial institutions

The net carrying amounts of certain investment properties of the Group have been pledged to secure banking facilities are as follows:

	Group	
	2021	2020
	RM	RM
Freehold land	8,736,809	8,736,809
Leasehold land	1,676,445	1,706,889
Leasehold building	1,702,765	1,760,773
	12,116,019	12,204,471

Fair value of investment properties was estimated by Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****6. Right-of-Use Assets**

	Buildings RM	Motor vehicles RM	Total RM
2021			
Cost			
At 1 October 2020	76,414,664	2,268,160	78,682,824
Modification of lease term	(52,774)	-	(52,774)
At 30 September 2021	76,361,890	2,268,160	78,630,050
Accumulated depreciation			
At 1 October 2020	2,114,966	1,570,507	3,685,473
Charge for the financial year	1,704,549	272,383	1,976,932
Modification of lease term	(27,063)	-	(27,063)
At 30 September 2021	3,792,452	1,842,890	5,635,342
Carrying amount			
At 30 September 2021	72,569,438	425,270	72,994,708
2020			
Cost			
At 1 October 2019			
- Effect of adopting MFRS 16	68,730,877	2,268,160	70,999,037
Additions	8,800,000	-	8,800,000
Transfer to inventories (Note 12)	(1,116,213)	-	(1,116,213)
At 30 September 2020	76,414,664	2,268,160	78,682,824
Accumulated depreciation			
At 1 October 2019			
- Effect of adopting MFRS 16	453,892	1,164,876	1,618,768
Charge for the financial year	1,661,074	405,631	2,066,705
At 30 September 2020	2,114,966	1,570,507	3,685,473
Carrying amount			
At 30 September 2020	74,299,698	697,653	74,997,351

Buildings with an aggregate carrying amount of RM71,271,003 (2020: RM72,935,873) are pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements.

Included in the above, motor vehicles with a carrying amount of RM425,270 (2020: RM697,653) of the Group are pledged as securities for the related lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

7. Intangible Asset

	Group	
	2021	2020
	RM	RM
At cost		
At 1 October	2,427,543	2,534,355
Written off	(248,400)	(106,812)
At 30 September	<u>2,179,143</u>	<u>2,427,543</u>
Accumulated amortisation		
At 1 October	(1,487,555)	(1,288,416)
Amortisation for the financial year	(217,914)	(242,754)
Written off	161,791	43,615
At 30 September	<u>(1,543,678)</u>	<u>(1,487,555)</u>
Carrying amount		
At 30 September	<u>635,465</u>	<u>939,988</u>

Intangible asset relates to the Group's customer base that was acquired in business combination and has an average remaining amortisation period of 3 years (2020: 4 years).

8. Investment in Subsidiary Companies

	Company	
	2021	2020
	RM	RM
In Malaysia:		
At cost		
Unquoted shares	36,773,744	36,773,742
Less: Accumulated impairment losses	(4,307,514)	(3,201,000)
	<u>32,466,230</u>	<u>33,572,742</u>

Movements in the allowance for impairment losses of the investment in subsidiary companies are as follows:

	Company	
	2021	2020
	RM	RM
At 1 October	3,201,000	4,084,409
Add: Impairment losses recognised	1,106,514	656,600
Less: Reversal of impairment losses	-	(1,540,009)
At 30 September	<u>4,307,514</u>	<u>3,201,000</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Direct holding:				
Digistar Holdings Sdn. Bhd.	Malaysia	100	100	Designing, supplying, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronics systems, hotel and resort management, construction of non-residential buildings and bee keeping and production of honey and beeswax
Digistar Rauland MSC Sdn. Bhd.	Malaysia	100	80	Health television operator
Rauland Asia Sdn. Bhd.	Malaysia	100	100	Designing, supplying installation and integration of security monitoring systems
Nielsen Ward Sdn. Bhd.	Malaysia	100	100	Money lender
Seni Pujaan Sdn. Bhd.	Malaysia	100	100	Property development and hotel operator

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Direct holding: (Cont'd)				
Matang Makmur Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding
Digistar Construction (M) Sdn. Bhd.	Malaysia	100	100	Provision of construction services
Sakura Management Sdn. Bhd.	Malaysia	100	100	Property management
Mulia Optima Sdn. Bhd.	Malaysia	100	100	Dormant
Jaya Persada Sdn. Bhd.	Malaysia	100	100	Investment holding
Full Image Sdn. Bhd.	Malaysia	100	100	Selling of information and communication technology products
Indirect holding:				
Subsidiary company of Matang Makmur Holdings Sdn. Bhd.				
Indera Persada Sdn. Bhd.	Malaysia	70	70	Undertake the construction and provide asset management services for the concession asset

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Indirect holding: (Cont'd)				
Subsidiary companies of Digistar Holdings Sdn. Bhd.				
Digistar Properties Sdn. Bhd.	Malaysia	100	100	Renting, maintaining and upkeep of properties
Protecs A&A CMS Sdn. Bhd.	Malaysia	98	96	Central monitoring security services and trading of security equipment
Wemal-Maxi Protect Sdn. Bhd.	Malaysia	51	51	Provision of security central monitoring services

(a) Material partly-owned subsidiary companies

The non-controlling interests at the end of the reporting period comprises the following:

Name of Company	Effective Equity Interest		Accumulated Non-Controlling Interests	
	2021	2020	2021	2020
Indera Persada Sdn Bhd	30%	30%	(4,752,248)	(3,103,659)
Individually immaterial subsidiary companies with non-controlling interests			7,832	(661,754)
Total non-controlling interests			<u>(4,744,416)</u>	<u>(3,765,413)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

The summarised financial information (before intra-group elimination) for subsidiary companies that has non-controlling interests that are material to the Group is as follow:

	Indera Persada Sdn. Bhd.	
	2021	2020
	RM	RM
Non-current assets	145,816,411	153,890,381
Current assets	44,743,329	47,442,905
Non-current liabilities	(155,293,258)	(177,092,065)
Current liabilities	(63,307,308)	(46,786,750)
Net liabilities	<u>(28,040,826)</u>	<u>(22,545,529)</u>
Revenue	5,006,726	4,774,884
(Loss)/Profit before taxation	(5,988,976)	7,697,203
Taxation	<u>493,679</u>	<u>(2,029,321)</u>
(Loss)/Profit for the financial year, representing representing total comprehensive (loss)/income for the financial year	<u>(5,495,297)</u>	<u>5,667,882</u>
Total comprehensive (loss)/income attributable to non-controlling interests	<u>(1,648,589)</u>	<u>1,700,365</u>
Net cash from operating activities	15,731,962	27,708,693
Net cash from investing activities	7,176,104	2,035,141
Net cash used in financing activities	<u>(20,029,943)</u>	<u>(24,166,310)</u>
Net increase in cash and cash equivalents	<u>2,878,123</u>	<u>5,577,524</u>

(b) Acquisition of non-controlling interests

On 1 October 2020, the Company acquired additional 20% equity interest in Digistar Rauland MSC Sdn. Bhd., increasing its ownership from 80% to 100%. The carrying amount of Digistar Rauland MSC Sdn. Bhd.'s net liabilities in the Group's financial statements on the date of acquisition was RM3,492,437. The Group recognised an increase in non-controlling interest of RM698,487.

On 20 May 2021, a wholly-owned subsidiary company of the Company, Digistar Holdings Sdn. Bhd. acquired additional 2% equity interest in Protec A&A CMS Sdn. Bhd., increasing its ownership from 96% to 98%. The carrying amount of Protec A&A CMS Sdn. Bhd.'s net assets in the Group's financial statements on the date of acquisition was RM2,184,556. The Group recognised a decrease in non-controlling interest of RM43,691.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

8. Investment in Subsidiary Companies (Cont'd)

(c) Impairment losses on investment in subsidiary companies

During the financial year

The recoverable amount of the Company's investment in Nielsen Ward Sdn. Bhd. estimated based on value-in-use method was RM1,394,488. Therefore, an impairment loss amounting to RM1,106,514 was recognised during the financial year. As a result, the Company's investment in Nielsen Ward Sdn. Bhd. is amounted of RM1,394,488 as at 30 September 2021.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

In the previous financial year

The recoverable amount of the Company's investment in Digistar Rauland MSC Sdn. Bhd., Full Image Sdn. Bhd., Jaya Persada Sdn. Bhd. and Mulia Optima Sdn. Bhd. estimated based on value-in-use method was RM Nil. Therefore, an impairment loss amounting to RM656,600 was recognised during the financial year. As a result, the Company's investment in Digistar Rauland MSC Sdn. Bhd., Full Image Sdn. Bhd., Jaya Persada Sdn. Bhd. and Mulia Optima Sdn. Bhd. are fully impaired as at 30 September 2020.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

The recoverable amount of the Company's investment in Digistar Holdings Sdn. Bhd. estimated based on value-in-use method was higher than the carrying amount of investment in subsidiary companies. As a result, RM1,540,009 of the impairment loss was reversed.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

9. Deferred Tax (Assets)/Liabilities

	Group	
	2021	2020
	RM	RM
At 1 October	10,648,350	9,231,673
Recognised in profit or loss	(661,141)	1,612,125
Under/(Over) provision in prior years	780,081	(195,448)
At 30 September	10,767,290	10,648,350

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2021	2020
	RM	RM
Deferred tax liabilities	10,767,290	11,348,350
Deferred tax assets	-	(700,000)
	10,767,290	10,648,350

The components and movements of deferred tax liabilities and assets are as follows:

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities				
At 1 October 2020	383,217	267,527	10,697,606	11,348,350
Recognised in profit or loss	1,812,453	(267,527)	(2,206,067)	(661,141)
(Over)/Under provision in prior years	(167,605)	-	247,686	80,081
At 30 September 2021	2,028,065	-	8,739,225	10,767,290
At 1 October 2019	1,307,736	267,527	7,656,410	9,231,673
Recognised in profit or loss	(1,140,770)	-	3,452,895	2,312,125
Under/(Over) provision in prior years	216,251	-	(411,699)	(195,448)
At 30 September 2020	383,217	267,527	10,697,606	11,348,350

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

9. Deferred Tax (Assets)/Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Unutilised tax losses RM
Deferred tax assets	
At 1 October 2020	(700,000)
Over provision in prior years	700,000
At 30 September 2021	<u>-</u>
At 1 October 2019	-
Recognised in profit or loss	(700,000)
At 30 September 2020	<u>(700,000)</u>

The amount of temporary differences for which no deferred tax assets have been recognised are as follow:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other deductible temporary differences	4,255,309	3,985,528	-	-
Unabsorbed capital allowances	2,184,994	1,282,849	-	-
Unutilised tax losses	2,759,106	5,553,575	-	-
	<u>9,199,409</u>	<u>10,821,952</u>	<u>-</u>	<u>-</u>

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses.

The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment and any balance thereafter shall be disregarded.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

10. Trade Receivables

Group	Interest bearing RM	Non-interest bearing RM	Total RM
2021			
Non-current			
Concession receivable	145,799,526	-	145,799,526
Current			
Concession receivable	8,057,086	-	8,057,086
Trade receivables	784,477	22,127,197	22,911,674
	8,841,563	22,127,197	30,968,760
	154,641,089	22,127,197	176,768,286
Less: Accumulated impairment losses	(544,590)	(11,526,173)	(12,070,763)
	154,096,499	10,601,024	164,697,523
2020			
Non-current			
Concession receivable	153,856,612	-	153,856,612
Current			
Concession receivable	7,063,300	-	7,063,300
Trade receivables	1,103,426	22,921,501	24,024,927
	8,166,726	22,921,501	31,088,227
	162,023,338	22,921,501	184,944,839
Less: Accumulated impairment losses	(197,459)	(10,146,840)	(10,344,299)
	161,825,879	12,774,661	174,600,540

Trade receivables are generally from 7 to 90 days (2020: 7 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The interest-bearing amount represents fair value of the consideration receivable from the construction services delivered. It carries an interest at rate of 14% (2020: 14%) per annum. It is repayable in the form of availability charges upon fulfilment of the terms and conditions as stipulated in the concession agreement.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****10. Trade Receivables (Cont'd)**

Movement in the allowance for impairment losses of the trade receivables are as follow:

	Group	
	2021	2020
	RM	RM
At 1 October	10,344,299	11,890,927
Impairment losses recognised	3,016,144	1,681,291
Impairment losses reversed	(1,184,850)	(3,227,919)
Amount written off	(104,830)	-
At 30 September	<u>12,070,763</u>	<u>10,344,299</u>

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Reversal of impairment losses on trade receivables was mainly due to collection from receivables previously provided for doubtful debts.

The aged analysis of trade receivables ageing as at the end of reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group 2021			
Neither past due nor impaired	157,361,392	(4,844)	157,356,548
Past due but not impaired:			
Less than 30 days	519,675	(3,820)	515,855
31 - 90 days	197,767	(112,126)	85,641
More than 90 days	8,287,811	(1,548,332)	6,739,479
	<u>9,005,253</u>	<u>(1,664,278)</u>	<u>7,340,975</u>
	166,366,645	(1,669,122)	164,697,523
Individually impaired	10,401,641	(10,401,641)	-
	<u>176,768,286</u>	<u>(12,070,763)</u>	<u>164,697,523</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

10. Trade Receivables (Cont'd)

The aged analysis of trade receivables ageing as at the end of reporting period: (Cont'd)

Group	Gross amount RM	Loss allowance RM	Net amount RM
2020			
Neither past due nor impaired	164,371,079	-	164,371,079
Past due but not impaired:			
Less than 30 days	444,981	(3,031)	441,950
30 - 90 days	205,619	(65,911)	139,708
More than 90 days	11,108,007	(1,460,204)	9,647,803
	<u>11,758,607</u>	<u>(1,529,146)</u>	<u>10,229,461</u>
	176,129,686	(1,529,146)	174,600,540
Individually impaired	8,815,153	(8,815,153)	-
	<u>184,944,839</u>	<u>(10,344,299)</u>	<u>174,600,540</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 30 September 2021, trade receivables of RM7,340,975 (2020: RM10,229,461) were past due but not impaired. These related to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM10,401,641 (2020: RM8,815,153), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

11. Amount Due From/(To) Subsidiary Companies

		Company	
	Note	2021 RM	2020 RM
Non-current			
Amount due from subsidiary companies			
Non-interest bearing	(a)	161,174,347	149,303,200
Less: Accumulated impairment losses		<u>(39,843,457)</u>	<u>(19,043,235)</u>
		<u>121,330,890</u>	<u>130,259,965</u>
Current			
Amount due to subsidiary companies			
Interest bearing	(b)	(62,683,644)	(63,559,106)
Non-interest bearing	(c)	<u>(17,826,005)</u>	<u>(16,545,391)</u>
		<u>(80,509,649)</u>	<u>(80,104,497)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

11. Amount Due From/(To) Subsidiary Companies (Cont'd)

Movement in the allowance for impairment losses of the amount due from subsidiary companies are as follow:

	Company	
	2021	2020
	RM	RM
At 1 October	19,043,235	15,203,721
Impairment losses recognised	20,800,222	3,839,514
At 30 September	<u>39,843,457</u>	<u>19,043,235</u>

- (a) Amount due from subsidiary companies are non-trade related, unsecured advances and are not expected to be recalled within the next 12 months.
- (b) Amount due to subsidiary companies are non-trade related, unsecured advances, which bear interest at rate of 6.90% (2020: 7.25%) per annum and repayable on demand.
- (c) Amount due to subsidiary companies are non-trade related, unsecured advances and repayable on demand.

12. Inventories

	Group	
	2021	2020
	RM	RM
At cost:		
Unsold completed properties	1,116,213	1,116,213
Equipment and parts held for resale	-	622,041
Finished goods	553,211	575,880
	<u>1,669,424</u>	<u>2,314,134</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,104,150	1,515,330
Inventories written off	622,041	-

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

13. Contract Assets/(Liabilities)

		Group	
	Note	2021	2020
		RM	RM
Contract assets			
- Construction contracts	(a)	-	869,741
Contract liabilities			
- Construction contracts	(a)	-	45,919
- Advances received from customers	(b)	330,192	371,119
- Security services	(c)	837,447	772,257
		<u>1,167,639</u>	<u>1,189,295</u>

(a) Construction contracts

	Group	
	2021	2020
	RM	RM
At 1 October	823,822	222,203
Revenue recognised during the financial year	443,658	5,144,535
Progress billings issued during the financial year	(397,739)	(3,407,263)
Contract costs incurred during the financial year	129,299	869,741
Contract costs recognised during the financial year	(999,040)	-
Amount written off	-	(2,005,394)
At 30 September	<u>-</u>	<u>823,822</u>
Represented by:		
Contract assets	-	869,741
Contract liabilities	<u>-</u>	<u>(45,919)</u>
	<u>-</u>	<u>823,822</u>

Revenue relating to construction contracts is recognised over time, while the customers pay according to contractual milestones. Thus, the timing differences give rise to contract assets or contract liabilities.

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advances consideration received from customers for construction contracts, which revenue is recognised over time during the construction activities.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

13. Contract Assets/(Liabilities) (Cont'd)

(b) Advances received from customers

Represents advances received from customers for the services yet to be performed at the reporting date.

(c) Security services

Revenue relating to security services is recognised over time, while the customers pay up-front in full. A contract liability is recognised upon collection of transaction price and being recognised as revenue over the service period.

14. Other Receivables

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	(a)	6,603,858	8,882,013	3,425	20,785
Amount due from related parties	(b)	549,109	1,249,453	-	-
Less: Accumulated impairment losses		(2,936,909)	(2,734,481)	-	-
		4,216,058	7,396,985	3,425	20,785
Deposits		163,637	309,396	1,500	1,500
GST and SST refundable		37,141	4,837,951	-	-
Prepayments		170,931	161,988	-	-
		4,587,767	12,706,320	4,925	22,285

Movement in the allowance for impairment losses of the other receivables are as follow:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 October	2,734,481	2,975,093	-	-
Impairment losses recognised	1,430,698	48,467	-	-
Impairment losses reversed	(522,111)	(289,079)	-	-
Amount written off	(706,159)	-	-	-
At 30 September	2,936,909	2,734,481	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

14. Other Receivables (Cont'd)

Reversal of impairment losses on other receivables was mainly due to collection from receivables previously provided for doubtful debts.

- (a) Included in other receivables of the Group of RM1,478,009 (2020: RM2,508,080) are advances paid to subcontractors for supply of goods and services.
- (b) Amount due from related parties are non-interest bearing, unsecured advances and repayable on demand.

Amount due from related parties of the Group included Digistar Vision Sdn. Bhd., Harrington (M) Sdn. Bhd. and Pembinaan ZMZ Gemilang Sdn. Bhd., all the companies in which certain directors of the Company have financial interests.

15. Deposits, Cash and Bank Balances

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fixed deposits with licensed banks	44,413,442	46,291,102	4,000,000	4,000,000
Cash and bank balances	18,217,174	12,210,226	159,567	318,946
Total deposits, cash and bank balances	62,630,616	58,501,328	4,159,567	4,318,946
Bank overdrafts (Note 20)	(1,759,535)	(1,758,848)	-	-
Less: Surplus funds placed in fixed deposits with licensed banks	(6,550,907)	(6,040,389)	-	-
Less: Deposits not for short term funding requirements	(25,578,640)	(29,748,073)	(4,000,000)	(4,000,000)
Less: Debt Service Reserve Account	(4,121,408)	(7,200,745)	-	-
Total cash and cash equivalents	24,620,126	13,753,273	159,567	318,946

The interest rates and maturities of the fixed deposits range from 0.20% to 3.70% (2020: 1.30% to 4.05%) per annum and 28 to 366 days (2020: 30 to 365 days), respectively.

As at 30 September 2021, the fixed deposits with licensed banks of the Group and the Company amounting RM25,578,640 (2020: RM29,748,073) and RM4,000,000 (2020: RM4,000,000) respectively are pledged as securities for bank borrowings granted to the Group as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****16. Share Capital**

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021	2020
	Units	Units	RM	RM
Ordinary shares issued and fully paid:				
At 1 October	788,532,399	658,339,134	104,936,629	102,332,764
Issuance of shares	-	130,193,265	-	2,603,865
Right issue with warrants	260,384,403	-	13,019,220	-
At 30 September	<u>1,048,916,802</u>	<u>788,532,399</u>	<u>117,955,849</u>	<u>104,936,629</u>

During the financial year, the Company issued 260,384,403 new ordinary shares of RM0.05 each for a total consideration of RM13,019,220 for working capital purposes pursuant to the Company's renounceable rights issue of 260,384,403 new ordinary shares in the Company ("Rights Share(s)") on the basis of 1 Rights Share for every 3 existing ordinary shares held together with 260,384,403 free detachable warrants ("Warrant(s) C") on the basis of 1 Warrant C for every 1 Rights Share subscribed by the entitled shareholders at an issue price of RM0.05 per Rights Share.

In the previous financial year, the Company issued 130,193,265 new ordinary shares of RM0.02 each at RM2,603,865 for a total consideration of RM2,603,865 for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

17. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 29 March 2021, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group and Company			
	Number of shares		Amount	
	2021	2020	2021	2020
	Units	Units	RM	RM
At 1 October/ 30 September	<u>7,372,808</u>	<u>7,372,808</u>	<u>3,248,747</u>	<u>3,248,747</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

17. Treasury Shares (Cont'd)

Below are the details of the treasury shares at the end of the reporting period:

	Number of shares Units	Average unit price RM	Total consideration RM
At 30 September	7,372,808	0.4406	3,248,747

As at 30 September 2021, the Company held 7,372,808 (2020: 7,372,808) treasury shares out of the total 1,048,916,802 (2020: 788,532,399) issued ordinary shares. The number of ordinary shares in issue after the offset is therefore 1,041,543,994 (2020: 781,159,591) ordinary shares. None of the treasury shares was cancelled during the financial year.

18. Reserves

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Warrant reserve	11,480,058	6,004,487	11,480,058	6,004,487
Discount on share	(5,475,571)	-	(5,475,571)	-
Accumulated losses	(54,543,119)	(47,223,098)	(43,359,379)	(19,764,895)
	<u>(48,538,632)</u>	<u>(41,218,611)</u>	<u>(37,354,892)</u>	<u>(13,760,408)</u>

Warrant reserve/Discount on share

(i) Warrants 2013/2023

The Company has a total of 81,678,141 (2020: 74,024,334) Warrants 2013/2023 in issue at the end of the financial year. Each Warrant 2013/2023 entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.26. The Warrants 2013/2023 are exercisable over a period of 10 years from 5 April 2013 to 4 April 2023. As at 30 September 2021, the total numbers of Warrants 2013/2023 that remain unexercised were 81,678,141 (2020: 74,024,334).

(ii) Warrants 2021/2026

The Company has a total of 260,384,403 (2020: Nil) Warrants 2021/2026 in issue at the end of the financial year. Each Warrant 2021/2026 entitles the holder to subscribe for new ordinary shares on the basis of 1 new ordinary share for 1 Warrant at the exercise price of RM0.10 per Warrant or such adjusted price as determined in the Deed Poll. The Warrants 2021/2026 are exercisable at any time within a period of 5 years, which shall commence from and including the date of issuance of the Warrants and ending on the expiry date. As at 30 September 2021, the total numbers of Warrants 2021/2026 that remain unexercised were 260,384,403 (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

19. Lease Liabilities

	Group	
	2021	2020
	RM	RM
At 1 October	789,207	-
Effect of adopting MFRS 16	-	1,019,714
	<u>789,207</u>	<u>1,019,714</u>
Additions	-	8,800,000
Payments	(242,131)	(9,030,507)
Modification of lease term	(26,609)	-
At 30 September	<u>520,467</u>	<u>789,207</u>
Presented as:		
Non-current	250,244	541,620
Current	<u>270,223</u>	<u>247,587</u>
	<u>520,467</u>	<u>789,207</u>
The maturity analysis of lease liabilities of the Group at the end of the reporting period:		
Within one year	259,536	276,936
Later than one year and not later than two years	217,609	276,936
Later than two year and not later than five years	68,668	290,627
	<u>545,813</u>	<u>844,499</u>
Less: Future finance charges	(25,346)	(55,292)
Present value of lease liabilities	<u>520,467</u>	<u>789,207</u>

The Group leases various buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

20. Bank Borrowings

	Group	
	2021	2020
	RM	RM
Secured		
Term loans	4,193,982	3,523,174
Bank overdrafts	1,759,535	1,758,848
	5,953,517	5,282,022
Non-current		
Term loans	3,003,026	3,261,335
Current		
Term loans	1,190,956	261,839
Bank overdrafts	1,759,535	1,758,848
	2,950,491	2,020,687
	5,953,517	5,282,022

The bank borrowings obtained from the local banks are secured by the following:

- (i) An open all monies facility agreement between the subsidiary companies;
- (ii) Legal charge over certain freehold land and leasehold land as well as buildings of the Group as disclosed in Notes 4, 5, and 6;
- (iii) Pledged of certain fixed deposits with licensed banks of the Group and of the Company as mentioned in Note 15; and
- (iv) Corporate guarantee by the Company.

The average effective interest rates per annum are as follows:

	Group	
	2021	2020
	%	%
Term loans	3.44 - 5.81	6.85
Bank overdrafts	6.65 - 6.82	6.65 - 6.82

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

21. Bonds

		Group	
	Note	2021 RM	2020 RM
Secured, fixed rate bond:	(a)		
- 4.30% per annum	2021	-	20,000,000
- 4.40% per annum	2022	20,000,000	20,000,000
- 4.50% per annum	2023	20,000,000	20,000,000
- 4.60% per annum	2024	20,000,000	20,000,000
- 4.70% per annum	2025	20,000,000	20,000,000
- 4.80% per annum	2026	20,000,000	20,000,000
- 4.90% per annum	2027	25,000,000	25,000,000
- 5.00% per annum	2028	30,000,000	30,000,000
Secured, fixed rate subordinated bond:	(a)		
- 16.00% per annum	2028	11,000,000	11,000,000
Unrated, fixed rate serial bond:	(b)		
- 6.80% per annum	2030	25,000,000	25,000,000
- 6.90% per annum	2031	25,000,000	25,000,000
- 7.00% per annum	2032	30,000,000	30,000,000
		<u>246,000,000</u>	<u>266,000,000</u>
Less:			
- Bond discount		(3,549,645)	(4,484,722)
- Transaction costs		<u>(4,793,950)</u>	<u>(5,927,500)</u>
		237,656,405	255,587,778
Accrued interest		<u>2,983,500</u>	<u>2,955,530</u>
		<u>240,639,905</u>	<u>258,543,308</u>
Current			
- repayable not later than 1 year		21,249,941	46,018,541
Non-current:			
- repayable between 1 to 5 years		76,220,411	72,816,140
- repayable more than 5 years		<u>143,169,553</u>	<u>139,708,627</u>
		<u>219,389,964</u>	<u>212,524,767</u>
		<u>240,639,905</u>	<u>258,543,308</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

21. Bonds (Cont'd)

- (a) Indera Persada Sdn. Bhd. ("IPSB"), a 70% owned subsidiary of the Company, issued RM280 million Fixed Rate Serial Bonds and RM15 million Subordinated Bonds which included RM4 million subscribed by Matang Makmur Holdings Sdn. Bhd. ("MMHSB"), a subsidiary of Digistar Corporation Berhad on 5 September 2013.

The coupon rates range from 4.00% to 16.00% per annum and the coupon interests are payable semi-annually on each series of the bonds.

Proceeds raised from the bonds have been utilised by IPSB to finance the construction of a Training Institute in Malacca for Ministry of Works ("JKR Project"), under an 18-year Concession Agreement ("CA") with the Government of Malaysia.

The bonds are secured against certain assets of IPSB.

- (b) On 13 March 2018, Jaya Persada Sdn. Bhd. ("JPSB"), a wholly-owned subsidiary of the Company issued RM80 million Unrated Fixed Rated Serial Bonds.

The entire bonds were divided into 3 tranches, with maturity periods ranging from 12 years to 14 years commencing from April 2030 to April 2032.

The coupon rates range from 6.80% to 7.00% per annum and the coupon interests are payable semi-annually on each series of the bonds.

Proceeds raised from the bonds shall be utilised by JPSB for the purposes below:

- (i) To fund the costs and expenses incurred in respect of the establishment/issuance of the bonds;
- (ii) To redeem the subsidiary, Seni Pujaan Sdn. Bhd.'s ("SPSB") existing loan secured over the master title to the hotel owned and operated by SPSB;
- (iii) To finance the expansion and refurbishment of the hotel owned by SPSB including but not limited to refurbishment of hotel suites, design and construction of banquet hall and other enhancement for the hotel and other hospitality/related assets managed;
- (iv) To finance the design and construction of Wisma Digistar;
- (v) To finance the expansion of the JKR Project and/or to finance working capital of the holding company including expansion of the Group's mobile business and acquisitions related to the Group's core business and the operating expenses incurred by the Group; and
- (vi) To finance the Company's obligation to pay the minority interest's entitlement pursuant to the Company's letter to the minority interest.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****21. Bonds (Cont'd)**

The bonds are secured against certain assets of the Group.

Transaction costs relate to the payment of ancillary fees, costs and expenses related to the issuance of bonds.

22. Trade Payables

	Group	
	2021	2020
	RM	RM
Trade payables		
- third parties	2,594,089	2,193,135
- retention sum	397,270	889,773
	<u>2,991,359</u>	<u>3,082,908</u>

Credit terms of trade payables of the Group ranged from 30 to 60 (2020: 30 to 60) days, depending on the term of the contracts.

23. Other Payables

		Group		Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Other payables	(a)	10,072,132	10,620,212	43,353	159,304
Amount due to directors	(b)	100,000	20,720	-	-
Amount due to related parties	(c)	35,516	49,296	-	-
Deposits repayable		22,120	24,830	-	-
GST and SST payables		254,679	3,460,870	-	-
Accruals		3,712,704	3,880,914	56,400	68,000
		<u>14,197,151</u>	<u>18,056,842</u>	<u>99,753</u>	<u>227,304</u>

- (a) Included in the other payables of the Group are commission payable to a contractor for a joint development project amounting to approximately RM700,000 (2020: RM700,000) and fund received from the Government for Asset Management Programme amounting to RM7,890,405 (2020: RM6,662,640) for the use in the asset replacement during the concession period. Upon expiring of the concession period, the Government will be entitled to the unutilised fund received.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

23. Other Payables (Cont'd)

- (b) Amount due to directors are non-interest bearing, unsecured advances and repayable on demand.
- (c) Amount due to related parties are non-interest bearing, unsecured advances and repayable on demand.

Amount due to related parties of the Group included Digistar Vision Sdn. Bhd. and Harrington (M) Sdn. Bhd., all the companies in which certain directors of the Company have financial interests.

24. Revenue

	Group	
	2021	2020
	RM	RM
Revenue from contracts with customers:		
- Construction contracts revenue	443,658	5,144,535
- Security service income	2,706,982	3,025,703
- Maintenance income	5,266,360	5,340,539
- Hotel room management	3,917,738	8,923,308
- Management fee	-	60,000
- Sale of goods	2,783	144,889
- Food and beverage and other ancillary services income	4,112,718	3,560,122
	16,450,239	26,199,096
Revenue from other sources:		
- Interest income	405	3,465
- Rental income	66,000	58,775
	66,405	62,240
	16,516,644	26,261,336
Timing of revenue recognition		
At a point in time	4,115,501	3,705,011
Over time	12,334,738	22,494,085
Total revenue from contracts with customers	16,450,239	26,199,096

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****25. Finance Costs**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest expenses of financial liabilities not at fair value through profit or loss:				
- Amortisation of deferred payment of bonds	2,068,627	2,302,422	-	-
- Amount due to subsidiary companies	-	-	1,042,892	1,047,882
- Bank overdrafts	142,569	124,142	-	-
- Bonds	15,376,681	16,232,088	-	-
- Lease liabilities	29,005	25,401	-	-
- Other finance costs	4,315	5,317	-	-
- Term loans	212,698	288,988	-	-
	<u>17,833,895</u>	<u>18,978,358</u>	<u>1,042,892</u>	<u>1,047,882</u>

26. (Loss)/Profit Before Tax

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration:				
- Statutory audits				
- Current year	130,000	141,000	38,000	43,000
- (Over)/Under provision in prior years	(7,000)	10,226	(5,000)	6,830
- Non-statutory services	5,000	5,000	5,000	5,000
Amortisation of:				
- Intangible asset	217,914	242,754	-	-
- Investment properties	206,443	257,693	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

26. (Loss)/Profit Before Tax (Cont'd)

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Bad debts written off:				
- Contract assets	-	2,005,394	-	-
- Trade receivables	153,349	399,695	-	-
- Other receivables	1,788,401	102,128	-	-
Depreciation of property plant and equipment	2,439,221	2,853,168	-	-
Depreciation of right-of-use assets	1,976,932	2,066,705	-	-
Gain on disposal of investment properties	-	(237,918)	-	-
Gain on modification of lease term	(898)	-	-	-
Impairment losses on:				
- Amount due from subsidiary companies	-	-	20,800,222	3,839,514
- Investment in subsidiary companies	-	-	1,106,514	656,600
- Trade receivables	3,016,144	1,681,291	-	-
- Other receivables	1,430,698	48,467	-	-
Independent non-executive Directors' remuneration:				
- Other emoluments	18,000	23,500	18,000	23,500
- Directors' fees	15,000	55,000	15,000	55,000
Interest income:				
- Concession receivable	(22,640,948)	(23,512,156)	-	-
- Deposits with licensed banks	(780,350)	(1,511,141)	(76,614)	(111,466)
- Trade receivables	(42,973)	(87,031)	-	-
- Others	(197,591)	(223,068)	-	-

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****26. (Loss)/Profit Before Tax (Cont'd)**

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Lease expenses relating to low-value assets	6,969	6,276	-	-
Lease expenses relating to short-term leases	343,139	216,557	-	-
Realised (gain)/loss on foreign exchange	(2,809)	13,273	-	-
Reversal of impairment losses on:				
- Investment in subsidiary companies	-	-	-	(1,540,009)
- Trade receivables	(1,184,850)	(3,227,919)	-	-
- Other receivables	(522,111)	(289,079)	-	-
Unrealised gain on foreign exchange	(55,025)	(11,400)	-	-
Written off of:				
- Intangible asset	86,609	63,197	-	-
- Inventories	622,041	-	-	-
- Property, plant and equipment	-	2,054	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

27. Taxation

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Tax expenses for the financial year:				
Current tax:				
- Current year	165,300	210,123	-	-
- Under provision in prior years	58,558	9,151	85,337	-
	<u>223,858</u>	<u>219,274</u>	<u>85,337</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(661,141)	1,612,125	-	-
Under/(Over) provision in prior year	780,081	(195,448)	-	-
	<u>118,940</u>	<u>1,416,677</u>	<u>-</u>	<u>-</u>
	<u>342,798</u>	<u>1,635,951</u>	<u>85,337</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****27. Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
(Loss)/Profit before tax	<u>(7,956,226)</u>	<u>628,702</u>	<u>(23,509,147)</u>	<u>(4,390,271)</u>
Tax at Malaysia of statutory tax rate of 24% (2020: 24%)	(1,909,494)	150,888	(5,642,195)	(1,053,665)
Expenses not deductible for tax purposes	3,140,713	3,417,467	5,642,195	1,319,408
Income not subject to tax	(104,517)	(1,205,272)	-	(600,669)
Deferred tax assets not recognised during the year	1,170,786	833,906	-	334,926
Utilisation of deferred tax assets not recognised previously	<u>(2,793,329)</u>	<u>(1,374,741)</u>	<u>-</u>	<u>-</u>
	(495,841)	1,822,248	-	-
Under provision of income tax expenses in prior years	58,558	9,151	85,337	-
Under/(Over) provision of deferred tax in prior years	<u>780,081</u>	<u>(195,448)</u>	<u>-</u>	<u>-</u>
	<u>342,798</u>	<u>1,635,951</u>	<u>85,337</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

27. Taxation (Cont'd)

The Group and the Company have unabsorbed capital allowances and unutilised tax losses carried forward, available to off-set against future taxable profits as follows:

	Group	
	2021	2020
	RM	RM
Unabsorbed capital allowances	17,554,412	6,243,587
Unutilised tax losses, expiring on:		
- year assessment 2025	3,968,534	16,782,745
- year assessment 2026	5,427,409	6,821,035
- year assessment 2027	650,810	650,810
- year assessment 2028	1,449,523	-
	<u>29,050,688</u>	<u>30,498,177</u>

28. Loss Per Share

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to the Owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2021	2020
	RM	RM
Loss attributable to owners of the parents for basic earnings	<u>(6,665,225)</u>	<u>(2,750,021)</u>
Weighted average number of ordinary shares as at 30 September	<u>875,564,994</u>	<u>721,473,950</u>
Basic loss per ordinary share (in sen)	<u>(0.76)</u>	<u>(0.38)</u>

(b) Diluted loss per share

The Group has no dilution in its loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****29. Staff Costs**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries, wages and other emoluments	8,196,236	9,627,610	18,000	23,500
Directors' fees	15,000	55,000	15,000	55,000
Social security contributions	90,534	98,372	-	-
Defined contributions plans	661,221	727,631	-	-
	<u>8,962,991</u>	<u>10,508,613</u>	<u>33,000</u>	<u>78,500</u>

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors of the Company:				
<u>Executive Directors</u>				
Salaries and other emoluments	1,498,259	1,555,200	-	-
Social security contributions	2,539	2,373	-	-
Defined contributions plans	63,190	68,067	-	-
	<u>1,563,988</u>	<u>1,625,640</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

30. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

Group	Non-cash changes					At 30 September 2021 RM
	At 1 October 2020 RM	Financing cash flows (i) RM	Modification of lease term (Note 19) RM	Amortisation of deferred payment of bonds RM	Interest payable RM	
Lease liabilities (Note 19)	789,207	(242,131)	(26,609)	-	-	520,467
Term loans (Note 20)	3,523,174	670,808	-	-	-	4,193,982
Bonds (Note 21)	258,543,308	(20,000,000)	-	2,068,627	27,970	240,639,905
Amount due to directors (Note 23)	20,720	79,280	-	-	-	100,000

Group	Non-cash changes					At 30 September 2020 RM
	At 1 October 2019 RM	Effect of adopting MFRS 16 RM	Financing cash flows (i) RM	New lease (Note 19) RM	Amortisation of deferred payment of bonds RM	
Finance lease payables	966,940	(966,940)	-	-	-	-
Lease liabilities (Note 19)	-	1,019,714	(9,030,507)	8,800,000	-	789,207
Term loans (Note 20)	3,693,841	-	(170,667)	-	-	3,523,174
Bonds (Note 21)	276,355,145	-	(20,000,000)	-	2,302,422	258,543,308
Amount due to directors (Note 23)	43,485	-	(22,765)	-	-	20,720

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****30. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

Company	At 1 October 2020 RM	Financing cash flows (i) RM	Non-cash changes		At 30 September 2021 RM
			Other changes (ii) RM		
Amount due to subsidiary companies (Note 11)	80,104,497	(637,740)	1,042,892		80,509,649

Company	At 1 October 2019 RM	Financing cash flows (i) RM	Non-cash changes		At 30 September 2020 RM
			Other changes (ii) RM		
Amount due to subsidiary companies (Note 11)	29,281,875	49,774,740	1,047,882		80,104,497
Amount due to directors (Note 23)	7,500	(7,500)	-		-

(i) The cash flows from finance lease payables, lease liabilities, term loans, bonds, amount due to directors and amount due to subsidiary companies make up the net amount of proceeds from or repayments or payment in the statements of cash flows.

(ii) Other changes include bonds interest charged of RM1,042,892 (2020: RM1,047,882).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

31. Contingencies

The Company has the following contingent liabilities:

	Company	
	2021	2020
	RM	RM
Secured		
Corporate guarantee given by the Company to financial institutions for banking facilities granted to subsidiary companies' customers for due performance of works by the subsidiary companies	754,781	315,641
Corporate guarantee given by the Company to financial institutions for banking facilities granted to subsidiary companies	4,819,543	4,689,626
	5,574,324	5,005,267

32. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 11 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2021	2020
	RM	RM
Transaction with a subsidiary company		
- Interest charged	1,042,892	1,047,882

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

32. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

In addition to the remuneration of Directors disclosed in Note 29 to the financial statements, the remuneration of other members of key management are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Key management personnel				
Short-term employee benefits	938,971	945,920	-	-

33. Segment Information - Group

Business Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

- (i) System integration segment – involved in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, security monitoring systems, integrated audio and visual systems and other related electronic systems.
- (ii) Rental and hotel segment – involved in renting, maintaining and upkeep of properties, health television operator and hotel operator.
- (iii) Concession segment – involved in concession arrangement between Group and the Grantor for the privatisation of the design, development, construction and completion of the Facilities and Infrastructure for JKR Training Institute and to carry out the Asset Management Services.
- (iv) Investment holding segment – investment holding.
- (v) Property development segment – involved in development of properties.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

33. Segment Information - Group (Cont'd)

2021		System integration RM	Rental and hotel RM	Concession RM	Investment holding RM	Eliminations RM	Total RM
Revenue							
External revenue		3,413,057	8,096,456	5,006,726	405	-	16,516,644
Inter-segment revenue		16,810,192	40,800	1,372,048	-	(18,223,040)	-
Total revenue		20,223,249	8,137,256	6,378,774	405	(18,223,040)	16,516,644
Results							
Segment results		4,627,985	(1,826,706)	(27,910,678)	(24,116,324)	27,782,503	(21,443,220)
Amortisation of:							
- Intangible assets		-	-	-	(217,914)	-	(217,914)
- Investment properties		-	(245,725)	-	-	39,282	(206,443)
Bad debts written off:							
- Trade receivables		(153,349)	-	-	-	-	(153,349)
- Other receivables		(1,587,862)	-	-	(200,539)	-	(1,788,401)
Depreciation of property, plant and equipment		(655,192)	(1,744,747)	-	-	(39,282)	(2,439,221)
Depreciation of right-of-use assets		(293,339)	(1,693,724)	(16,884)	-	27,015	(1,976,932)
Gain on modification of lease term		898	-	-	-	-	898
Impairment losses on:							
- Trade receivables		(2,620,343)	(395,801)	-	-	-	(3,016,144)
- Other receivables		(1,128,959)	(301,739)	-	-	-	(1,430,698)

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****33. Segment Information - Group (Cont'd)**

	System integration RM	Rental and hotel RM	Concession RM	Investment holding RM	Eliminations RM	Total RM
2021 (Cont'd)						
Results (Cont'd)						
Interest income:						
- Concession receivable	-	-	22,640,948	-	-	22,640,948
- Deposits with licensed banks	-	-	534,732	245,618	-	780,350
- Trade receivables		42,973	-	-	-	42,973
- Others	197,591	-	-	-	-	197,591
Reversal of impairment losses on:						
- Trade receivables	1,184,850	-	-	-	-	1,184,850
- Other receivables	522,111	-	-	-	-	522,111
Unrealised gain on foreign exchange	55,025	-	-	-	-	55,025
Written off of:						
- Intangible asset	-	-	-	(86,609)	-	(86,609)
- Inventories	(622,041)	-	-	-	-	(622,041)
Loss before tax						(7,956,226)
Taxation						(342,798)
Loss for the financial year						(8,299,024)

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

33. Segment Information - Group (Cont'd)

	System integration RM	Rental and hotel RM	Concession RM	Investment holding RM	Eliminations RM	Total RM
2021						
Assets and liabilities						
Segment assets	23,550,147	119,492,975	202,311,403	245,361,324	(253,048,467)	337,667,382
Unallocated corporate assets						-
						<u>337,667,382</u>
Segment liabilities						
Unallocated corporate liabilities	23,218,076	107,525,259	219,074,731	172,203,653	(245,778,391)	276,243,328
						-
						<u>276,243,328</u>
Other information						
Additions to non-current assets	46,904	3,871,531	-	-	-	3,918,435

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****33. Segment Information - Group (Cont'd)**

	System integration RM	Rental and hotel RM	Concession RM	Investment holding RM	Eliminations RM	Total RM
2020						
Revenue						
External revenue	8,517,977	12,908,475	4,774,884	60,000	-	26,261,336
Inter-segment revenue	-	50,800	-	-	(50,800)	-
Total revenue	8,517,977	12,959,275	4,774,884	60,000	(50,800)	26,261,336
Results						
Segment results	7,761,765	(860,112)	(17,470,175)	(4,972,639)	(3,207,303)	(18,748,464)
Amortisation of:						
- Intangible assets	-	-	-	(242,754)	-	(242,754)
- Investment properties	-	(257,693)	-	-	-	(257,693)
Bad debts written off:						
- Contract assets	(2,005,394)	-	-	-	-	(2,005,394)
- Trade receivables	(396,062)	(3,633)	-	-	-	(399,695)
- Other receivables	-	(102,128)	-	-	-	(102,128)
Depreciation of property, plant and equipment	(1,209,097)	(1,639,297)	(3,338)	(1,436)	-	(2,853,168)
Depreciation of right-of-use assets	(432,000)	(1,617,821)	(16,884)	-	-	(2,066,705)
Gain on disposal of investment properties	-	237,918	-	-	-	237,918
Impairment losses on:						
- Trade receivables	(1,632,621)	(48,670)	-	-	-	(1,681,291)
- Other receivables	(48,467)	-	-	-	-	(48,467)

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

33. Segment Information - Group (Cont'd)

2020 (Cont'd)	System integration RM	Rental and hotel RM	Concession RM	Investment holding RM	Eliminations RM	Total RM
Results (Cont'd)						
Interest income:						
- Concession receivable	-	-	23,512,156	-	-	23,512,156
- Deposits with licensed banks	-	-	1,061,391	449,750	-	1,511,141
- Trade receivables	-	87,031	-	-	-	87,031
- Others	223,068	-	-	-	-	223,068
Reversal of impairment losses on:						
- Trade receivables	3,227,919	-	-	-	-	3,227,919
- Other receivables	289,079	-	-	-	-	289,079
Unrealised gain on foreign exchange	11,400	-	-	-	-	11,400
Written off of:						
- Intangible asset	-	-	-	(63,197)	-	(63,197)
- Property, plant and equipment	-	(2,054)	-	-	-	(2,054)
Profit before tax						628,702
Taxation						(1,635,951)
Loss for the financial year						(1,007,249)

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

33. Segment Information - Group (Cont'd)

2020	System integration RM	Rental and hotel RM	Concession RM	Investment holding RM	Eliminations RM	Total RM
Assets and liabilities						
Segment assets	31,572,173	123,776,920	211,740,100	275,262,613	(287,290,894)	355,060,912
Unallocated corporate assets						-
						<u>355,060,912</u>
Segment liabilities						
Unallocated corporate liabilities	30,031,037	117,734,238	212,132,581	190,413,899	(251,954,701)	298,357,054
						-
						<u>298,357,054</u>
Other information						
Additions to non-current assets	95,679	11,826,438	-	-	-	11,922,117

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

33. Segment Information - Group (Cont'd)

Adjustments and eliminations

Interest income, finance costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiary companies.

Inter-segment revenues are eliminated on consolidation.

Geographical information

Segment information is not presented as the Group is primarily engaged in the construction and property development and their related services in Malaysia.

Major customers

Information about major customers was not disclosed as its exposure spread over a large number of customers for both financial years.

34. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expense including their fair value gains or losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM
Group 2021	
Financial assets	
Trade receivables	164,697,523
Other receivables (excluding prepayments, GST and SST refundable)	4,379,695
Deposits, cash and bank balances	<u>62,630,616</u>
	<u>231,707,834</u>
Financial liabilities	
Lease liabilities	520,467
Bank borrowings	5,953,517
Bonds	240,639,905
Trade payables	2,991,359
Other payables (excluding GST and SST payables)	<u>13,942,472</u>
	<u>264,047,720</u>
2020	
Financial assets	
Trade receivables	174,600,540
Other receivables (excluding prepayments, GST and SST refundable)	7,706,381
Deposits, cash and bank balances	<u>58,501,328</u>
	<u>240,808,249</u>
Financial liabilities	
Lease liabilities	789,207
Bank borrowings	5,282,022
Bonds	258,543,308
Trade payables	3,082,908
Other payables (excluding GST and SST payables)	<u>14,595,972</u>
	<u>282,293,417</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	At amortised cost RM
Company	
2021	
Financial assets	
Amount due from subsidiary companies	121,330,890
Other receivables	4,925
Deposits, cash and bank balances	<u>4,159,567</u>
	<u>125,495,382</u>
Financial liabilities	
Amount due to subsidiary companies	80,509,649
Other payables	<u>99,753</u>
	<u>80,609,402</u>
2020	
Financial assets	
Amount due from subsidiary companies	130,259,965
Other receivables	22,285
Deposits, cash and bank balances	<u>4,318,946</u>
	<u>134,601,196</u>
Financial liabilities	
Amount due to subsidiary companies	80,104,497
Other payables	<u>227,304</u>
	<u>80,331,801</u>

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****34. Financial Instruments (Cont'd)****(b) Net loss/(gain) arising from financial instruments**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net loss/(gain) on on impairment of financial instruments				
<u>Financial assets at amortised cost</u>				
Impairment losses on:				
- Trade receivables	3,016,144	1,681,291	-	-
- Other receivables	1,430,698	48,467	-	-
Reversal of impairment losses on:				
- Trade receivables	(1,184,850)	(3,227,919)	-	-
- Other receivables	(522,111)	(289,079)	-	-
Impairment losses on amount due from subsidiary companies	-	-	20,800,222	3,839,514
	<u>2,739,881</u>	<u>(1,787,240)</u>	<u>20,800,222</u>	<u>3,839,514</u>

(c) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies, financial guarantee given to given to financial institutions for banking facilities granted to subsidiary companies and deposits with banks and financial institutions. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantee to financial institutions for banking facilities granted to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position except for financial guarantee provided to financial institutions for banking facilities granted to subsidiary companies.

The Company's maximum exposure in their respect is RM5,574,324 (2020: RM5,005,267), representing the outstanding banking facilities to the subsidiary companies at the end of the reporting period. There was no indication that the subsidiary companies would default on repayment as at the end of the reporting period.

Credit risk concentration

The Group and the Company have no significant concentration of credit risk from its receivables.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

Group 2021	Within 1 year or on demand RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<u>Non-derivative financial liabilities</u>						
Lease liabilities	259,536	217,609	68,668	-	545,813	520,467
Bank borrowings	3,137,138	459,636	1,378,908	1,947,244	6,922,926	5,953,517
Bonds	35,250,000	34,370,000	97,630,000	187,050,000	354,300,000	240,639,905
Trade payables	2,991,359	-	-	-	2,991,359	2,991,359
Other payables	13,942,472	-	-	-	13,942,472	13,942,472
	<u>55,580,505</u>	<u>35,047,245</u>	<u>99,077,576</u>	<u>188,997,244</u>	<u>378,702,570</u>	<u>264,047,720</u>

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****34. Financial Instruments (Cont'd)****(c) Financial risk management objectives and policies (Cont'd)****(ii) Liquidity risk (Cont'd)**

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

Group (Cont'd) 2020	Within 1 year or on demand RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<u>Non-derivative financial liabilities</u>						
Lease liabilities	276,936	276,936	290,627	-	844,499	789,207
Bank borrowings	2,218,484	459,636	1,378,908	2,375,981	6,433,009	5,282,022
Bonds	36,110,000	35,250,000	100,390,000	218,660,000	390,410,000	258,543,308
Trade payables	3,082,908	-	-	-	3,082,908	3,082,908
Other payables	14,595,972	-	-	-	14,595,972	14,595,972
	56,284,300	35,986,572	102,059,535	221,035,981	415,366,388	282,293,417

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

Company 2021	Within 1 year or on demand RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<u>Non-derivative financial liabilities</u>						
Amount due to subsidiary companies	80,509,649	-	-	-	80,509,649	80,509,649
Other payables	99,753	-	-	-	99,753	99,753
Financial guarantee liabilities *	3,691,822	459,636	1,378,908	1,947,244	7,477,610	5,574,324
	84,301,224	459,636	1,378,908	1,947,244	88,087,012	86,183,726

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****34. Financial Instruments (Cont'd)****(c) Financial risk management objectives and policies (Cont'd)****(ii) Liquidity risk (Cont'd)**

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

Company (Cont'd) 2020	Within 1 year or on demand RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<u>Non-derivative financial liabilities</u>						
Amount due to subsidiary companies	80,104,497	-	-	-	80,104,497	80,104,497
Other payables	227,304	-	-	-	227,304	227,304
Financial guarantee liabilities *	1,941,729	459,636	1,378,908	2,375,981	6,156,254	5,005,267
	82,273,530	459,636	1,378,908	2,375,981	86,488,055	85,337,068

* Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to financial institutions in respect of banking facilities granted to subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

As at 30 September 2021, the maximum amount of the financial guarantee issued to the financial institutions for subsidiary companies' bank borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM5,574,324 (2020: RM5,005,267). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their banking facilities is remote.

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily Australian Dollar (AUD), Euro (EUR), Pound Sterling (GBP), New Zealand Dollar (NZD), Singapore Dollar (SGD) and United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

NOTES TO THE FINANCIAL STATEMENTS**30 SEPTEMBER 2021 (CONT'D)****34. Financial Instruments (Cont'd)****(c) Financial risk management objectives and policies (Cont'd)****(iii) Market risk (Cont'd)****(a) Foreign currency risk (Cont'd)**

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	AUD RM	EUR RM	GBP RM	Denominated in			USD RM	Total RM
				NZD RM	SGD RM			
2021								
Trade payables	(1,067)	(93,545)	(10,245)	-	(4,061)	(10,167)	(119,085)	
2020								
Other receivables	3	-	-	1,062	-	379,342	380,407	
Trade payables	(1,049)	(93,959)	(9,727)	-	(4,010)	(10,097)	(118,842)	
	(1,046)	(93,959)	(9,727)	1,062	(4,010)	369,245	261,565	

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group which have a RM functional currency. The exposure to currency risk of Company which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the AUD, EUR, GBP, NZD, SGD and USD exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	2021 Effect on loss before tax RM	2020 Effect on profit before tax RM
AUD	- strengthened 5%	(53)	(52)
	- weakened 5%	<u>53</u>	<u>52</u>
EUR	- strengthened 5%	(4,677)	(4,698)
	- weakened 5%	<u>4,677</u>	<u>4,698</u>
GBP	- strengthened 5%	(512)	(486)
	- weakened 5%	<u>512</u>	<u>486</u>
NZD	- strengthened 5%	-	53
	- weakened 5%	<u>-</u>	<u>(53)</u>
SGD	- strengthened 5%	(203)	(201)
	- weakened 5%	<u>203</u>	<u>201</u>
USD	- strengthened 5%	(508)	18,462
	- weakened 5%	<u>508</u>	<u>(18,462)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate deposits placed with licensed banks and borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2021	2020
	RM	RM
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	-	8,928,073
<u>Financial liabilities</u>		
Lease liabilities	(520,467)	(789,207)
Bank borrowings	-	(1,758,848)
Bonds	(240,639,905)	(258,543,308)
	<u>(241,160,372)</u>	<u>(261,091,363)</u>
	<u>(241,160,372)</u>	<u>(252,163,290)</u>
Floating rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	40,413,442	37,363,029
<u>Financial liabilities</u>		
Bank borrowings	(5,953,517)	(3,523,174)
	<u>34,459,925</u>	<u>33,839,855</u>
	Company	
	2021	2020
	RM	RM
Fixed rate instruments		
<u>Financial liabilities</u>		
Amount due to subsidiary companies	(62,683,644)	(63,559,106)
Floating rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	4,000,000	4,000,000

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was: (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's (loss)/profit before tax by RM344,599 and RM40,000 (2020: RM338,399 and RM40,000) respectively, arising mainly as a result of lower/higher interest income/(expense) on floating rate loans and advances. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(d) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instrument not carried at fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
	RM	RM	RM	RM	RM
Group					
2021					
Financial liabilities					
Bonds	-	-	250,000,000	250,000,000	240,639,905
2020					
Financial liabilities					
Bonds	-	-	270,000,000	270,000,000	258,543,308

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

34. Financial Instruments (Cont'd)

(d) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

35. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

35. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio. The gearing ratios at end of the reporting period are as follows:

	Group	
	2021	2020
	RM	RM
Lease liabilities (Note 19)	520,467	789,207
Bank borrowings (Note 20)	5,953,517	5,282,022
Bonds (Note 21)	240,639,905	258,543,308
Less: Deposits, cash and bank balances (Note 15)	<u>(62,630,616)</u>	<u>(58,501,328)</u>
Net debts	<u>184,483,273</u>	<u>206,113,209</u>
 Total equity attributable to owners of the parent	 <u>66,168,470</u>	 <u>60,469,271</u>
 Gearing ratio (times)	 <u>2.79</u>	 <u>3.41</u>

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

The Group is also required to comply with certain loan covenants, the banks may call an event of default if the Group fails to comply. The Group has complied with these requirements.

The Group is not subject to any externally imposed capital requirements.

36. Significant Event

The emergence of novel Coronavirus ("Covid-19") since early 2020 that caused travel restrictions and lockdown to be effectuated in Malaysia and other precautionary measures being imposed by the government has brought disruption in the Group's business operations. After Movement Control Order ("MCO"), Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") imposed by the government in the previous financial year, the government re-introduced MCO restrictions on 11 January 2021, Full Movement Control Order ("FMCO") on 1 June 2021 and four-phase National Recovery Plan ("NRP") on 15 June 2021 in response to a surge of Covid-19 cases. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all business is required to suspend all in-person activities and activities at the business location. The Group is cognizant of the challenges posed by these developing events and is actively monitoring and taking appropriate and timely measures, also works closely with the local authorities to support their efforts in containing the spread of Covid-19 to minimise the impact of Covid-19 on its business operations.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

36. Significant Event (Cont'd)

The Group's construction projects were substantially completed in the previous financial year. Due to the reinstatement of MCO restrictions on 11 January 2021 by the government, the construction activity was in the halt for a period during the financial year. This has severely reduced the chances in obtaining new projects and thus affected the revenue from construction contracts.

The Group's maiden property, the Imperial Heritage Hotel has suffered a devastating blow from the ongoing impact of Covid-19. The revenue for rental and hotel segment has dropped significantly compared to previous financial year. This decrease was caused by the continuance of the MCO by the government in its effort to combat Covid-19. The restriction on international and interstate travel severely reduced occupancy rates which lead to the reduced.

The Board of Directors are cognisant of the challenges posed by these events and the potential impact they have on the Group's and the Company's financial position, financial performance and cash flows subsequent to the reporting period. As the situation continues to evolve with significant level of uncertainty, the Group and the Company are unable to reasonably estimate the full financial impact of the Covid-19 outbreak. The Group and the Company are monitoring the situation closely and to mitigate the financial impact. The Group and the Company are conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

37. Material Litigations

- (a) Digistar Holdings Sdn. Bhd. ("DHSB") against Mayland Avenue Sdn. Bhd. ("MASB")

A wholly-owned subsidiary company of the Company, DHSB has filed a sealed copy of a Writ of Civil Suit No. WA-B52C-21-07/2020 against MASB with the Sessions Court at Kuala Lumpur.

DHSB, being sub-contractor for a mixed commercial development comprising 1 block 15-storeys office tower with 2-storeys retails, 2 blocks of 11-storeys podium with 4-storeys retails, 7-storeys hotel, facilities and offices erected on existing 2-storey of basement cars parks on a parcel of freehold commercial land held under Geran 825, Lot No.3 (PT 12071) Mukim Presint 3 ("Project") is claiming from MASB for an amount of RM766,243.74 with 5% annual interest as balance payment for works done in the Project.

On 25 February 2021, both parties have reached a mutual settlement and have entered a Consent Judgement.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

37. Material Litigations (Cont'd)

- (b) Digistar Holdings Sdn. Bhd. (“DHSB”) against Ssangyong Engineering & Construction Co. Ltd. (“SEC”)

A wholly-owned subsidiary company of the Company, DHSB has filed a sealed copy of a Writ of Civil Suit No. WA-A52-144-08/2019 against SEC with the Sessions Court at Kuala Lumpur.

DHSB, being appointed by SEC as contractor for Audio Visual Specialist and Equipment Works for two projects in Langkawi, Kedah claimed an amount of RM137,909.02 with 5% annual interest as balance payment for works done in the two projects.

The suit was struck out on 20 February 2020 but was reinstated on 15 January 2021 after an appeal by DHSB in High Court Kuala Lumpur (Appeal No. WA-12ANCvC-217-08/2020) of which the appeal against the striking out by the Kuala Lumpur Sessions Court was allowed.

DHSB’s suit in Suit No. WA-A52-144-08/2019 was struck out by the Kuala Lumpur Sessions Court on 20 February 2020 (“Striking Out”). DHSB filed an appeal against the Striking Out in High Court Kuala Lumpur whereby on 15 January 2021, whereby the High Court allowed the Appeal and ordered DHSB’s Suit to be reinstated in Kuala Lumpur Session Court.

The suit is pending trial of which the dates are fixed from 14 March 2022 - 16 March 2022 at the Kuala Lumpur Sessions Court.

- (c) Digistar Holdings Sdn. Bhd. (“DHSB”) and Schmidt Biomedtech Sdn. Bhd. (“Schmidt”)

A wholly-owned subsidiary company of the Company, DHSB, being sub-contract work for extra low voltage (ELV) system vide a letter of award dated 28.8.2013 is claiming for an amount of RM361,933.63 with 8% annual interest from Schmidt for balance sum for works done.

The appointment of an Arbitrator by Pertubuhan Arkitek Malaysia (“PAM”) was finalised on 3.9.2021.

DHSB has paid the initial security deposit of RM5,000.00 for appointment of a sole Arbitrator by the President of PAM but there is no indication that Schmidt has paid its share of the deposit.

As at end of the reporting period, the matter is currently pending preliminary hearing until all required PAM deposits are paid by the parties.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (CONT'D)

38. Comparative Information

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 30 September 2020.

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 January 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2021

SHARE CAPITAL

Total Issued Shares	:	1,048,916,802 Shares (including 7,372,808 treasury shares held)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share on a poll
No. of Treasury Shares Held	:	7,372,808

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 DECEMBER 2021

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	161	2.701	6,506	0.000
100 to 1,000	250	4.195	118,961	0.011
1,001 to 10,000	1,210	20.305	7,927,284	0.761
10,001 to 100,000	3,115	52.273	136,211,785	13.077
100,001 to less than 5% of issued shares	1,222	20.506	620,158,249	59.542
5% and above of issued shares	1	0.016	277,121,209	26.606
Total	5,959	100.00	1,041,543,994	100.00

DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2021

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lee Chun Szen	328,571	0.031	-	-
Lee Jin Jean	328,571	0.031	-	-
Lee Mey Ling	180,000	0.017	-	-
Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
Mejar (K) Datuk Wira Lee Wah Chong*	-	-	277,778,351	26.670
Thee Kok Chuan	-	-	-	-
Tan Sri Dato' Ir Hj Zaini Bin Omar	-	-	-	-

SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS AT 31 DECEMBER 2021

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
LWC Capital Sdn Bhd	277,121,209	26.606	-	-

Notes:-

- * Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 8 of the Companies Act 2016 ("the Act") and the shareholding of his son and daughter pursuant to Section 59(11)(c) of the Act.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2021 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2021

No.	Name of Shareholders	No. of Shares	%
1	LWC CAPITAL SDN BHD	277,121,209	26.606
2	STAR HERITAGE DEVELOPMENT SDN. BHD.	24,070,666	2.311
3	LOW CHIT SIN	17,833,300	1.712
4	SLOW MEE FONG	14,856,200	1.426
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEONG LIAM	8,133,333	0.780
6	LIM YING NA	6,500,000	0.624
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH TECK WAH (8090542)	6,079,700	0.583
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEONG LIAM (7001349)	6,000,000	0.576
9	LEE KOK KIONG	5,480,000	0.526
10	STOCKUP HOLDINGS SDN BHD	5,333,333	0.512
11	LOW POH LING	5,145,000	0.493
12	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	4,903,700	0.470
13	TEE YUN HAN	4,600,000	0.441
14	WONG CHEE KHEONG	4,210,000	0.404
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JS PORTFOLIO SDN. BHD.	4,000,000	0.384
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KA ONG (MY4308)	4,000,000	0.384
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD HII HSING KIET	4,000,000	0.384
18	WONG WAI LUM	3,964,100	0.380
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD GAN SEONG LIAM	3,500,000	0.336
20	YONG BUN FOU	3,409,300	0.327
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE GIA CIAN @ CALLY	3,377,666	0.324
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHAU	3,334,266	0.320
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH CHUN LONG	3,300,800	0.316
24	ONG FEE CHONG	3,128,100	0.300
25	LAU YEW FOO	3,000,000	0.288
26	LOW CHIT SIN	3,000,000	0.288
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIM SOON KOK	3,000,000	0.288
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DING LIAN CHEON	2,933,333	0.281
29	TAN JIUN LENG	2,915,666	0.279
30	SIM MUI KHEE	2,838,000	0.272
Total		443,967,672	42.625

ANALYSIS OF WARRANT B HOLDINGS

AS AT 31 DECEMBER 2021

ANALYSIS BY SIZE OF WARRANT B HOLDINGS AS AT 31 DECEMBER 2021

Size of Shareholdings	No. of Holders	%	No. of Warrant	%
Less than 100	143	13.964	7,108	0.008
100 to 1,000	65	6.347	40,087	0.049
1,001 to 10,000	381	37.207	1,606,387	1.966
10,001 to 100,000	305	29.785	10,797,555	13.219
100,001 to less than 5% of issued shares	127	12.402	39,345,901	48.171
5% and above of issued shares	3	0.292	29,881,103	36.583
Total	1,024	100.00	81,678,141	100.00

DIRECTORS' WARRANT B HOLDINGS AS AT 31 DECEMBER 2021

Name of Directors	Direct		Indirect	
	No. of warrant	%	No. of warrant	%
1. Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
2. Lee Chun Szen	-	-	-	-
3. Lee Jin Jean	-	-	-	-
4. Lee Mei Ling	-	-	-	-
5. Mejer (K) Datuk Wira Lee Wah Chong*	-	-	20,279,388	24.828
6. Tan Sri Dato' IR HJ Zaini Bin Omar	-	-	-	-
7. Thee Kok Chuan	-	-	-	-

* Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 8 of the Companies Act 2016 ("the Act").

SUBSTANTIAL WARRANT B HOLDERS' HOLDINGS AS AT 31 DECEMBER 2021

	Direct		Indirect	
	No. of warrant	%	No. of warrant	%
1. LWC CAPITAL SDN BHD	20,279,388	24.828	-	-
2. LIM KENG CHUAN	5,188,115	6.351	-	-
3. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	4,413,600	5.403	-	-

ANALYSIS OF WARRANT B HOLDINGS

AS AT 31 DECEMBER 2021 (CONT'D)

LIST OF THIRTY 30 LARGEST WARRANT B HOLDERS AS AT 31 DECEMBER 2021

No.	Name of Warrant holders	No. of Warrant	%
1	LWC CAPITAL SDN BHD	20,279,388	24.828
2	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	4,413,600	5.403
3	LIM KENG CHUAN	4,149,115	5.079
4	GAN SEONG LIAM	3,131,449	3.833
5	CHANG MUI LANG	1,986,120	2.431
6	GAN KENG MENG	1,893,765	2.318
7	DOMINIC A/L CELESTINE FERNANDEZ	1,362,699	1.668
8	LEE SIM NEE	1,103,400	1.350
9	QUEK PAW HEE	1,103,400	1.350
10	LIM KENG CHUAN	1,039,000	1.272
11	LIM SEOK KIM	1,026,162	1.256
12	ABDUL SATHAR BIN M S M ABDUL KADIR	884,420	1.082
13	CHENG KOK SIONG	873,782	1.069
14	NG LUNG HEAM @ NG LING KEAM	715,003	0.875
15	KOO KING TONG	695,142	0.851
16	ONG SEE PHENG	688,330	0.842
17	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEW WENG (STA 2)	671,700	0.822
18	SI BOON CHONG	662,040	0.810
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KIAN CHYE (071596)	661,840	0.810
20	TEE HOCK SENG	651,006	0.797
21	LOW CHOW SENG	610,400	0.747
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG KOK SIONG (MQ0462)	551,700	0.675
23	KWEOK TE TE	479,096	0.586
24	DATUK TAY HOCK TIAM	462,214	0.565
25	WONG YEN FAN	378,466	0.463
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIM SHAI	363,018	0.444
27	HEW LING SHANG	331,020	0.405
28	LIOW YIT LEE	331,020	0.405
29	LOONG WEI HIN	331,020	0.405
30	NG CHONG TIAM	331,020	0.405
Total		52,160,335	63.860

ANALYSIS OF WARRANT C HOLDINGS

AS AT 31 DECEMBER 2021

ANALYSIS BY SIZE OF WARRANT C HOLDINGS AS AT 31 DECEMBER 2021

Size of Shareholdings	No. of Holders	%	No. of Warrant	%
Less than 100	58	5.128	3,085	0.001
100 to 1,000	23	2.033	15,611	0.005
1,001 to 10,000	317	28.028	1,851,320	0.710
10,001 to 100,000	537	47.480	21,357,980	8.202
100,001 to less than 5% of issued shares	193	17.064	137,740,300	52.898
5% and above of issued shares	3	0.265	99,416,107	38.180
Total	1,131	100.00	260,384,403	100.00

DIRECTORS' WARRANT C HOLDINGS AS AT 31 DECEMBER 2021

Name of Directors	Direct		Indirect	
	No. of warrant	%	No. of warrant	%
1. Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
2. Lee Chun Szen	-	-	-	-
3. Lee Jin Jean	-	-	-	-
4. Lee Mei Ling	-	-	-	-
5. Mejer (K) Datuk Wira Lee Wah Chong*	-	-	69,280,302	26.606
6. Tan Sri Dato' IR HJ Zaini Bin Omar	-	-	-	-
7. Thee Kok Chuan	-	-	-	-

* Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 8 of the Companies Act 2016 ("the Act").

SUBSTANTIAL WARRANT C HOLDERS' HOLDINGS AS AT 31 DECEMBER 2021

	Direct		Indirect	
	No. of warrant	%	No. of warrant	%
1. LWC CAPITAL SDN BHD	69,280,302	26.606	-	-
2. GV ASIA FUND LIMITED	15,802,500	6.068	-	-
3. LOW CHIT SIN	14,333,305	5.504	-	-

ANALYSIS OF WARRANT C HOLDINGS

AS AT 31 DECEMBER 2021 (CONT'D)

LIST OF THIRTY 30 LARGEST WARRANT C HOLDERS AS AT 31 DECEMBER 2021

No.	Name of Warrant holders	No. of Warrant	%
1	LWC CAPITAL SDN BHD	69,280,302	26.606
2	GV ASIA FUND LIMITED	15,802,500	6.068
3	LOW CHIT SIN	12,333,300	4.736
4	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEIK YEE KOK	6,777,500	2.602
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YONG SIANG	5,705,100	2.191
6	CHENG KOK SIONG	4,662,500	1.790
7	STAR HERITAGE DEVELOPMENT SDN. BHD.	4,167,666	1.600
8	VOON JYE WAH	3,888,900	1.493
9	SIOU MEE FONG	3,714,100	1.426
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD GAN SEONG LIAM	3,500,000	1.344
11	ANG YOOK CHU @ ANG YOKE FONG	3,000,000	1.152
12	LIM YING NA	3,000,000	1.152
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG KOK SIONG (MQ0462)	2,663,400	1.022
14	BEH CHAN CHEN	2,620,000	1.006
15	ONG BAN CHUAN	2,582,700	0.991
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEONG LIAM (7001349)	2,500,000	0.960
17	GOH CHAI SENG	2,400,000	0.921
18	WONG WAI LUM	2,096,900	0.805
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEONG LIAM	2,033,333	0.780
20	LOW CHIT SIN	2,000,005	0.768
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN (M55045)	2,000,000	0.768
22	IFAST NOMINEES (TEMPATAN) SDN BHD VOON JYE YNG	2,000,000	0.768
23	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM SOH WOON	2,000,000	0.768
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD HII HSING KIET	2,000,000	0.768
25	TAN FHEE CHIN	2,000,000	0.768
26	YOU PEI LING	2,000,000	0.768
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG BAN CHUAN (PENANG-CL)	1,953,500	0.750
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KA ONG (MY4308)	1,800,000	0.691
29	TEE YUN HAN	1,800,000	0.691
30	SIM MUI KHEE	1,611,769	0.618
Total		173,893,475	66.783

LIST OF PROPERTIES

AS AT 31 DECEMBER 2021

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
Lot 4.119, 4th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. (DHSB)	An Intermediate office lot in a 9 storey shopping-cum-office block/ Office Unit	366	Freehold	43 years	36,540	1994
B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	282,161	1997
B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	319,659	1997
B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	229,665	1998
B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	242,554	2001
B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	220,110	2001
B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	231,377	2002
B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	251,029	2002
B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1,864	Leasehold for 99 years expiring on 23/5/2089	26 years	363,196	2003
28-1A, Jalan Sungai Chandong 9, Bandar Armada Putra, Pulau Indah, 42100 Pelabuhan Klang, Selangor (DHSB)	An intermediate office lot in a 4 storey shop/ Office Unit	644	Leasehold for 99 years expiring on 11/3/2095	19 years	40,275	2005
C19, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	A corner office lot in 4 storey shop/ Office unit	Build-up area: 8,124, land area: 1,920	Leasehold for 99 years expiring on 7/5/2083	28 years	876,865	2005
500, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	Vacant land	Land area: 6,175	Leasehold for 99 years expiring on 2/2/2076	N/A	2,806,574	2010

LIST OF PROPERTIES

AS AT 31 DECEMBER 2021 (CONT'D)

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
499, Jalan 5, Taman Ampang Utama, 68000 Ampang, Selangor	Vacant land	Land area: 8,100	Leasehold for 99 years expiring on 25/1/2077	N/A	5,959,229	2010
C1-0419, Jalan Indah 15, Taman Bukit Indah, Nusajaya, Johor	An intermediate office lot in a 5 storey shop/ Office Unit	947	Freehold	10 years	319,541	2013
PT 834 Melaka Tengah, Kawasan Bandar XXX1X	Vacant Land	Land area: 4,290	Leasehold for 99 years expiring on 29/6/2107	N/A	1,194,723	2011
PT 848 Melaka Tengah, Kawasan Bandar XXX1X	Vacant Land	Land area: 5,216	Leasehold for 99 years expiring on 29/6/2107	N/A	2,301,963	2011
5A-2, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	667	Leasehold for 99 years expiring on 7/7/2093	16 years	90,307	2015
6B-1, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	16 years	94,769	2015
13A-2, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	667	Leasehold for 99 years expiring on 7/7/2093	16 years	88,522	2015
H.S (M) 3166, P.T No 8778, Mukim Cheng, District of Melaka Tengah, Melaka	Vacant Land	Land area: 83,593	Freehold	N/A	1,647,008	2016
Lot 19545, Mukim Cheng, District of Melaka Tengah, Melaka	Vacant Land	Land area : 359,836	Freehold	N/A	7,089,801	2016
G0-2, Grd Floor, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	An intermediate 2 storey shop lot	3,392	Leasehold for 99 years expiring on 29/6/2107	7 years	4,341,981.86	2019
G0-3, Grd Floor, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	An intermediate 2 storey shop lot	3,239	Leasehold for 99 years expiring on 29/6/2107	7 years	4,146,131.86	2019
G0-8, Grd Floor, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	An intermediate 2 storey shop lot	2,528	Leasehold for 99 years expiring on 29/6/2107	7 years	3,236,005.35	2019
167 Units Apartment Condotel, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	Apartment Condotel	71,298	Leasehold for 99 years expiring on 29/6/2107	7 years	60,795,536.59	2019

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Digistar Corporation Berhad will be held at Platinum Hall, Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Friday, 11 March 2022 at 10.00 a.m. to transact the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2021 together with the Directors' and Auditors' Report thereon. **(Refer to Explanatory Note 1)**
2. To approve the payment of Directors' Fees and Benefits of RM33,000 in respect of the financial year ended 30 September 2021 respectively. **Ordinary Resolution 1**
3. To approve the Directors' fees of RM150,000 payable for the period from 1 October 2021 until the conclusion of the next annual general meeting of the Company. **Ordinary Resolution 2**
4. To approve the Directors' benefits of up to RM18,000 payable for the period from 1 October 2021 until the conclusion of the next annual general meeting of the Company. **Ordinary Resolution 3**
5. To re-elect the following Directors who retire in accordance with Clause 100 of the Constitution of the Company:
 - a) Dato' Haji Ishak Bin Haji Mohamed **Ordinary Resolution 4**
 - b) Lee Mey Ling **Ordinary Resolution 5**
 - c) Lee Chun Szen **Ordinary Resolution 6**
6. To re-appoint UHY as auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS:

7. RETENTION OF INDEPENDENT DIRECTOR OF THE COMPANY

"THAT subject to the passing of Ordinary Resolution 4, approval be and is hereby given for Dato' Haji Ishak Bin Haji Mohamed who has served as an Senior Independent Non-Executive Director of the Company for a cumulative term of more than eleven (11) years, to continue to serve as an Senior Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

Ordinary Resolution 8
(Refer to Explanatory Note 2)

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

8. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

“THAT subject to Sections 75 and 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed 20% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.” (“Proposed 20% General Mandate”)

AND THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022 or a later date allowed by the relevant authorities at that point in time.

AND THAT with effect from 1 January 2023 or a later date allowed by the relevant authorities at that point in time, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of the issued shares of the Company for the time being (“Proposed General Mandate”).

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company, or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.”

**Ordinary Resolution 9
(Refer to Explanatory Note 3)**

9. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY

“THAT, subject always to the Companies Act 2016 (“the Act”), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approvals of all the relevant authorities (if any), the Company be and is hereby authorised, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

- i) The maximum aggregate number of shares which may be purchased and held by the Company must not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time (“Proposed Share Buy-Back”);
- ii) The maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company’s retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- iii) The shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resold or transfer on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and Listing Requirements from time to time.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) The conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such resolution is passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;
- (b) The expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) The authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

Ordinary Resolution 10
(Refer to Explanatory Note 4)

ANY OTHER BUSINESS:

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

By Order of the Board

Wong Youn Kim (MAICSA 7018778)
SSM Practising Certificate No. 201908000410
Company Secretary

Kuala Lumpur
Date: 28 January 2022

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 19th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 7 March 2022. Only a depositor whose name appears on the Record of Depositors as at 7 March 2022 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit the proxy form electronically via TIIH Online at <https://tiih.online> not less than twenty four (24) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
7. If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation. If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (a) at least (2) authorised office, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under your corporation is incorporated
8. If this proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the proxy Form.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes

a) Explanatory Note 1

To receive the Audited Financial Statements for the financial year ended 30 September 2021

This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016 (“the Act”), the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not be put forward for voting.

b) Explanatory Note 2

Proposed Retention of Senior Independent Non-Executive Director

The Nomination Committee has assessed the independence of Dato’ Haji Ishak Bin Haji Mohamed who have served as Senior Independent Non-Executive Director of the Company for a term of eleven (11) years and recommended him to continue to act as Senior Independent Non-Executive Director of the Company on the following justifications:

- i. Dato’ Haji Ishak Bin Haji Mohamed fulfilled the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and they would be able to provide proper check and balance thus bringing an element of objectivity to the Board;
- ii. Their length of services on the Board of eleven (11) years do not in any way interfere with their exercise of objective judgement or their ability to act in the best interest of the Company and the Group. In fact, they are familiar with the Group’s business operations and have always actively participated in Board and Board Committee discussions and have continuously provided an independent view to the Board; and
- iii. They have exercised due care during their tenures as Independent Director of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgement into the decision making of the Board and in the best interest of the Company and its shareholders.

c) Explanatory Note 3

Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 9 is proposed to seek a renewal of general mandate for authority to issue shares pursuant to Sections 75 and 76 of the Act. If the resolution was passed, it will give the Directors of the Company from the date of the above meeting, authority to issue and allot shares for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

The Company did not issue any shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general authority which was approved at the 18th Annual General Meeting held on 29 March 2021 and which will lapse at the conclusion of the 19th Annual General Meeting to be held on 11 March 2022.

The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

d) Explanatory Note 4

Proposed Renewal of Authority to purchase its own shares of up to 10% of the total number of issued shares in the Company

The proposed Ordinary Resolution 10 is to empower the Directors to buy-back and/or hold up to a maximum of 10% of the total number of the Company's issued shares at any point of time, by utilizing the amount allocated which shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available, subject to the Act, listing Requirements, any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is the earlier.

Please refer to the Share Buy-back Statement as set out in the Annual Report of the Company for further information.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

1. The Directors seeking for re-election/re-appointment at the Nineteenth Annual General Meeting of Digistar Corporation Berhad are as follows:

- (a) Dato' Haji Ishak Bin Haji Mohamed
- (b) Ms. Lee Mey Ling
- (c) Mr. Lee Chun Szen

2. Retention of Senior Independent Non-Executive Director as follow:

- a) Dato' Haji Ishak Bin Haji Mohamed

The Profile of the Directors seeking for re-election and retention are set out on Pages 5,6 and 7 of this Annual Report

The details of the Directors' interest in the securities of the Company are stated on Page 173 of this Annual Report

3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 30 September 2021 are disclosed in the respective profiles of the Directors.
4. The details of the Nineteenth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Friday, 11 March 2022	10 a.m.	Platinum Hall, Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia

This page is intentionally left blank

FORM OF PROXY



DIGISTAR CORPORATION BERHAD

Registration No.200301001232 (603652-K)
(INCORPORATED IN MALAYSIA)

CDS Account No.	
No. of shares held	

* I/We _____ NRIC/Company No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a member/members of DIGISTAR CORPORATION BERHAD (603652-K), hereby appoint _____

(FULL NAME IN BLOCK CAPITALS)
NRIC No. _____ of _____
(FULL ADDRESS)

or failing *him/her, _____
(FULL NAME IN BLOCK CAPITALS)

NRIC No. _____ of _____
(FULL ADDRESS)

or failing *him/her, *the Chairman of the Meeting as *my/our proxy to attend and vote on *my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Platinum Hall, Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Friday, 11 March 2022 at 10.00 a.m. or any adjournment thereof.

*My/our proxy is to vote as indicated below:

ORDINARY RESOLUTION		For	Against
1.	To approve the payment of Directors' Fees and Benefits of RM33,000 in respect of the financial year ended 30 September 2021 respectively.		
2.	To approve the Directors' Fees of RM150,000 payable for the period from 1 October 2021 until the conclusion of the next Annual General Meeting of the Company		
3.	To approve the of Directors' benefits of up to RM18,000 payable for the period from 1 October 2021 until the conclusion of the next Annual General Meeting of the Company		
4.	To Re-election of Dato' Haji Ishak Bin Haji Mohamed		
5.	To Re-election of Ms. Lee Mey Ling		
6.	To Re-election of Mr. Lee Chun Szen		
7.	To re-appoint UHY as auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Retention of Senior Independent Non-Executive Director - Dato' Haji Ishak Bin Haji Mohamed		
9.	Authority to issue Shares pursuant to sections 75 and 76 of the companies act 2016		
10.	Proposed Renewal of Authority for Share Buy-Back		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.)

(i) Applicable to shares held through a nominee account.

* Delete where applicable

Dated this _____ day of _____ 2022

For appointment of two proxies, percentage of Shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		

Signature / common seal of shareholder(s)

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 19th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 7 March 2022. Only a depositor whose name appears on the Record of Depositors as at 7 March 2022 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notariaily certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit the proxy form electronically via TIIH Online at <https://tiih.online> not less than twenty four (24) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
7. If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation. If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (a) at least (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorized officers in accordance with the laws of the country under which your corporation is incorporated.
8. If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.

Affix Stamp

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Wilayah Persekutuan
Tel: 03-27839299
Fax: 03-27839222

DIGISTAR CORPORATION BERHAD

200301001232 (603652-K)

B6/4/4, 3rd Floor

One Ampang Business Avenue

Jalan Ampang Utama 1/2

68000 Ampang

Selangor Darul Ehsan

Tel : +6 (03) 4253 4319

Fax : +6 (03) 4257 2168