www.cengild.com

CENGILD MEDICAL BERHAD
(Registration No.: 202101004143 (1404442-P))
(Incorporated in Malaysia under the Companies Act 2016)

Unit 2-3 & 2-4, Nexus @ Bangsar South,
No. 7, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.

Tel : (603) 2242 7000
Email : customer.care@cengild.com

CENGILD MEDICAL BERHAD (Registration No.: 202101004143 (1404442-P)) ANNUAL REPORT 2022

CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

CENGILD MEDICAL BERHAD

(Registration No.: 202101004143 (1404442-P))
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"A Healthy Stomach is a Home for a Healthy Soul"

ANNUAL REPORT 2022

WHAT'S INSIDE

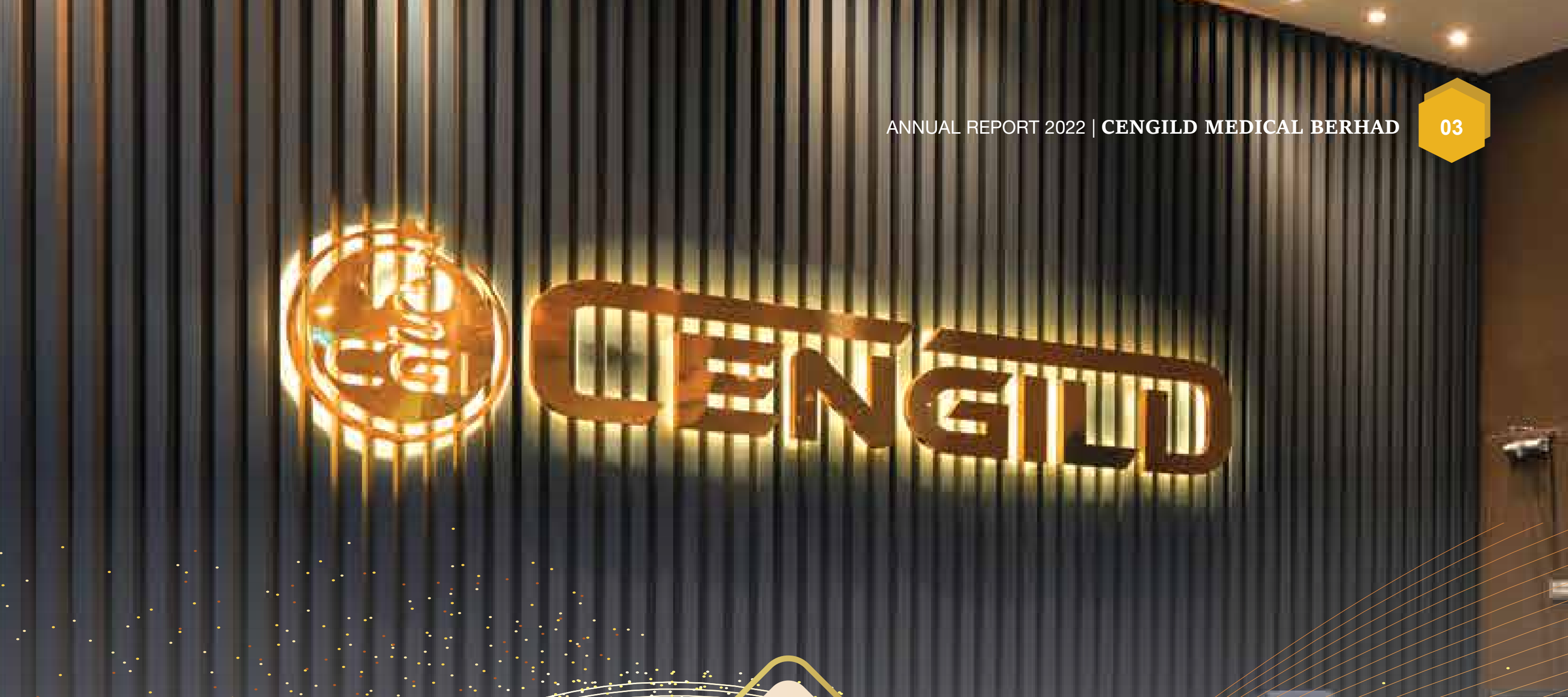
ABOUT US

Commenced operations in October 2017, Cengild G.I Medical Centre ("CGI") is a dedicated healthcare provider specialising in the diagnosis and treatment of gastrointestinal and liver diseases, and obesity. CGI is unique within Malaysia and Asia in offering a very focused set of services that encompasses gastroenterology, hepatology, gastrointestinal surgery (including upper gastrointestinal, hepatobiliary, pancreatic, colorectal surgery as well as bariatric surgery). These services are complemented by a range of diagnostic tools that includes interventional radiology. All these services are led and provided by specialists in these fields who work as a multidisciplinary team to provide the most optimum care.

CGI is located within the city of Kuala Lumpur, with easy transportation access as well as hotel accommodation for patients from other parts of Malaysia and overseas.

This 36,588 sq. ft. medical centre provides top class diagnostic and therapeutic facilities with 28 licensed beds, 2 fully equipped operating theatres, 3 endoscopy suites, and imaging facilities such as fibroscan, ultrasonography, CT scan, fluoroscopy, angiography equipment for ERCPs and other procedures.

CGI offers not only a comprehensive on-site laboratory services, but also 24-hour accident and emergency service, health screening, physiotherapy, histopathology and many more. Our aim is not only to provide the best treatment and care for our patients, but also to give the correct, ideal and suitable treatment for those with gastrointestinal and liver diseases, and obesity.



VISION

To be the Centre of Excellence for Gastrointestinal and Liver Diseases, and Obesity in Malaysia and internationally

MISSION

To provide top class medical care in Gastrointestinal and Liver Diseases, and Obesity through skilled expertise of specialist doctors in an optimal outpatient and hospital setting

OUR SERVICES

As one of advanced gastrointestinal and liver diseases, and obesity centres in Malaysia, we are committed to provide the best care and comprehensive medical treatments for our patients. With the touch of our expert medical specialists and experienced medical staffs, patients are able to experience the best treatment and services through world class facilities and personal consultation.

Medical Specialties

Comprising a team of dedicated Gastroenterologists & Hepatologists.

Operating Theatre

Our Operating Theatre is fully equipped with the latest cutting edge technology dedicated to minimally invasive procedures like keyhole surgery to open surgery manned by an experienced team.

Radiology Department

Our Radiology Department are equipped with the latest diagnostic scans that are vital to your diagnostic needs.

Laboratory

In our clinical Laboratory, where clinical pathology tests are carried out on clinical specimens to obtain information about the health of a patient to aid in diagnosis, treatment, and prevention of diseases.

Pharmacy

Our pharmacy encompasses a group of highly skilled professionals that will ensure your safety is the utmost priority and ensuring the processes of choosing, preparing, storing, compounding and dispensing medications for all our patients are done within the regulated standards.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' DR. TAN HUCK JOO
Executive Chairman

DR. MOHAMED AKHTAR BIN MOHAMED DITALI QURESHI
Executive Director

EMERITUS PROFESSOR DATO' DR. GOH KHEAN LEE
Executive Director

KUA CHOO KAI
Independent Non-Executive Director

DR. CHONG SU-LIN
Independent Non-Executive Director

DR. AZRINA BINTI ABU BAKAR
Independent Non-Executive Director

AUDIT COMMITTEE

Kua Choo Kai (Chairman)
Dr. Chong Su-Lin (Member)
Dr. Azrina Binti Abu Bakar (Member)

REMUNERATION COMMITTEE

Kua Choo Kai (Chairman)
Dr. Chong Su-Lin (Member)
Dr. Azrina Binti Abu Bakar (Member)

RISK MANAGEMENT COMMITTEE

Dr. Chong Su-Lin (Chairperson)
Kua Choo Kai (Member)
Dr. Azrina Binti Abu Bakar (Member)

NOMINATING COMMITTEE

Dr. Azrina Binti Abu Bakar (Chairperson)
Kua Choo Kai (Member)
Dr. Chong Su-Lin (Member)

LONG TERM INCENTIVE PLAN COMMITTEE

Kua Choo Kai (Chairman)
Dr. Chong Su-Lin (Member)
Dr. Azrina Binti Abu Bakar (Member)

KEY SENIOR MANAGEMENT

Dr. Ramesh A/L K Gurunathan
(Head of Department, Inpatient)
Dr. Ong Siew Kuen
(Head of Department, Medicine)
Dr. Mustafa Mohammed Taher
(Head of Department, Outpatient)
Yap Soh Kim
(Chief Executive Officer)
Cheah Wen Lih
(Senior Finance Manager)

PRINCIPAL PLACE OF BUSINESS

Unit 2-3 & 2-4, Nexus @ Bangsar South, No. 7, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : +603 2242 7000

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : +603 2783 9191
Facsimile No. : +603 2783 9111

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
Telephone No. : +603 2783 9299
Facsimile No. : +603 2783 9222

SPONSOR

Hong Leong Investment Bank Berhad
Level 28, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Telephone No. : +603 2083 1800

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No. : +603 2788 9999
Facsimile No. : +603 2788 9998

CORPORATE WEBSITE

https://www.cengild.com

COMPANIES SECRETARIES

Chong Lay Kim
(SSM PC No. 202008001920)
(LS No. 0008373)
Yeng Shi Mei
(SSM PC No. 202008001282)
(MAICSA 7059759)

STOCK EXCHANGE

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : CENGILD
Stock Code : 0243
Category : HEALTH CARE

PRINCIPAL BANKER

RHB Bank Berhad

CORPORATE STRUCTURE

CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

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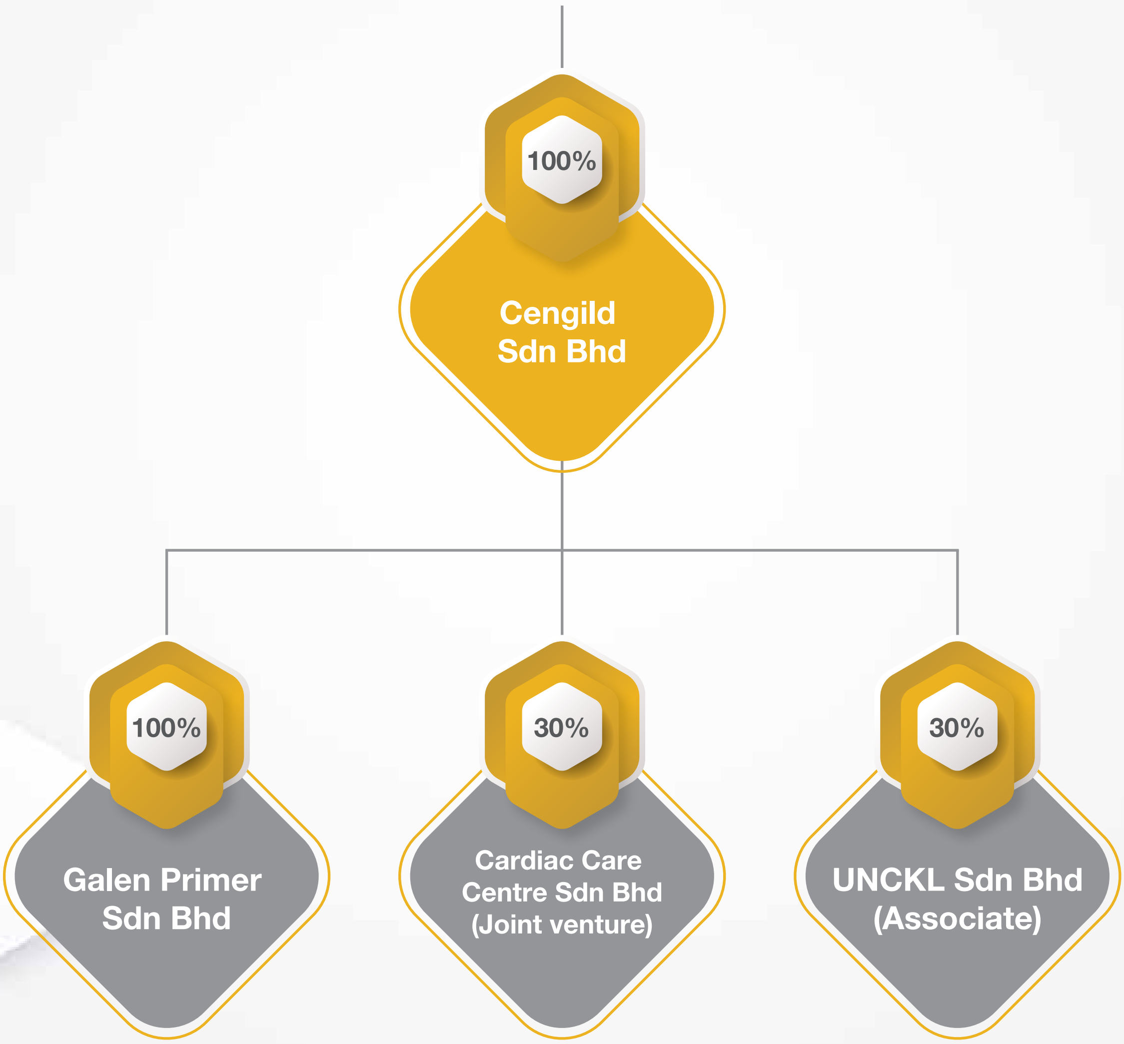


CORPORATE MILESTONE

Our key achievements/milestones are as follows:

2017

Commenced operations at Nexus @ Bangsar South, Kuala Lumpur with six (6) clinics, 10 inpatient beds, three (3) endoscopy rooms, one (1) operating theatre, a radiology department, an accident and emergency department, a pharmacy, a laboratory and a central sterile supply department.

2018

- Became part of a corporate panel with insurance companies and third party administrators.
- Expanded our services to include gastrointestinal related oncology and gynaecology services.

2019

- Expanded our medical centre where we added one (1) clinic and 10 inpatient beds.
- Received the “Gastroenterology Service Provider of the Year in Asia Pacific” award by Global Health and Travel.
- Received the “Malaysia Health and Wellness Brand Award 2019 – Private Hospital category” by Sin Chew Daily and Life Magazine.
- Became part of a corporate panel with IA International Assistance Sdn Bhd which serves the Indonesian market to offer patients in Indonesia the opportunity to seek medical treatment in Malaysia.

2021

- Expanded our services to include cardiology and urology services.
- Expanded our medical centre where we added one (1) operating theatre and three (3) clinics.
- Received the “Bariatric Medical Centre of the Year in Asia Pacific” award by Global Health and Travel.

2022

- Listed on the ACE Market of Bursa Malaysia Securities Berhad.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Our name, **CENGILD**, stands for the Centre for Gastrointestinal and Liver Diseases, and obesity is reflective of our expertise in this area. In October 2017, we started with the vision to build a centre of excellence to provide the best treatment and care for our patients. Over the last five years, we grew to become a specialist centre with highly experienced experts in gastroenterology, hepatology, gastrointestinal surgery (upper gastrointestinal, hepatobiliary, pancreatic, colorectal surgery and bariatric surgery) and interventional radiology, working as a multidisciplinary team to provide the best possible care to patients.

Since incorporation, we have had approximately 85,000 patient visits at our medical centre, performed more than 27,000 endoscopic procedures and more than 4,600 surgeries. Our 36,588 sq. ft. medical centre provides top-class diagnostic and therapeutic facilities with 28 licensed beds, 2 fully equipped operating theatres, 3 endoscopy suites, and various imaging facilities such as fibroscan, ultrasonography, CT scan, fluoroscopy, and angiography equipment for ERCPs and other procedures respectively.

Subspecialty allows us to provide in-depth and more targeted diagnostic services and treatment, and to undertake complex procedures and surgeries. Being an independent specialist healthcare provider also enables our medical centre to be cost-effective. The large volume of gastrointestinal and liver-related procedures performed at our medical centre leads to better efficiencies and economies of scale. In return, our patients enjoy better facilities and treatment at a reasonable price.

DATO' DR. TAN HUCK JOO
Executive Chairman

CHAIRMAN'S STATEMENT
(cont'd)

PERFORMANCE REVIEW

Cengild Medical Berhad and its subsidiaries (collectively, the Group) closed the financial year ended 30 June 2022 with revenue of RM64.4 million and profit after tax of RM9.4 million. Our performance was comparable to the previous financial year ended 30 June 2021 as our beds were utilised at full capacity and we are in the midst of increasing the number of beds to cater for more patients. We expect the demand for healthcare services will continue to grow, taking into consideration the growing and ageing population, increasing affluence and health awareness in an advanced society.

EXPANSION PLANS

With the proceeds of RM72.2 million raised from our initial public offering in April 2022, we intend to accelerate our growth plans by increasing the space at our existing medical centre at Nexus @ Bangsar South, Kuala Lumpur. We have plans to expand beyond Kuala Lumpur, and intend to establish two new full-fledged medical centres specialising in gastrointestinal and liver diseases, and obesity in other major cities in Malaysia such as Johor Bahru and Penang.

We will also be strengthening our medical team by recruiting consultants and surgeons specialising in gastroenterology and hepatology, and related specialties. These consultants and surgeons will be based either at our existing medical centre or at our two (2) new full-fledged medical centres in selected major cities as part of the expansion plan.

DIVIDENDS

To reward shareholders for their support in the financial year, the Board of Directors have recommended and declared an interim single-tier dividend of 0.37 sen per ordinary share amounting to total of RM3,029,560 paid on 27 September 2022. The dividend of 0.37 sen represented a pay-out ratio of 32.3% of our PAT, which is in excess of our dividend policy of at least 25% of our annual audited PAT. We believe in a balanced approach, where we reward shareholders and also retain the necessary amount of cash for operations and expansion.

APPRECIATION

I would like to express our sincere appreciation and gratitude to our stakeholders, including our patients, shareholders, business partners and suppliers for their confidence in Cengild Medical Berhad and look forward to their continued support in the future.

To our consultants, management team and members of our staff, the Board would like to thank you for your hard work, dedication and loyalty in giving your best to our patients. You are our greatest asset.

On behalf of the Board of Directors, it is my pleasure to present to you our first Annual Report as a publicly listed company together with the Audited Financial Statements of the Group and of the Company for the financial year ended 30 June 2022.

Dato' Dr. Tan Huck Joo
Executive Chairman

PROFILE OF DIRECTORS

DATO' DR. TAN HUCK JOO
Executive Chairman and Medical Director
Aged 54, Male, Malaysian

Dato' Dr. Tan Huck Joo ("**Dato' Dr. Tan**") is the Executive Chairman of the Company and Medical Director of the Group's medical centre. He was appointed as the Executive Chairman and Medical Director on 3 February 2021 and 1 May 2021 respectively.

Dato' Dr. Tan graduated with a Bachelor of Medicine and Surgery (Bachelor of Medicine, Bachelor of Surgery, Bachelor in the Art of Obstetrics) from University College Dublin, National University of Ireland and subsequently received his doctorate degree in Gastroenterology & Hepatology from the same university. He received his postgraduate training in the United Kingdom and he is currently a member of the Royal College of Physicians (United Kingdom), a fellow of the Royal College of Physicians (London), the Royal College of Physicians of Edinburgh and the Royal College of Physicians and Surgeons of Glasgow, a fellow of the Academy of Medicine, Malaysia, a fellow of the American College of Gastroenterology and a fellow of the American Society for Gastrointestinal Endoscopy.

Dato' Dr. Tan was a council member of the National Specialist Register for gastroenterology and hepatology for many years. He was the Chairman of the Network Committee, Asia Pacific Association of Gastroenterology ("APAGE") and the Chairman of Awards Committee, APAGE. He was the President of the Malaysian Society of Gastroenterology and Hepatology (MSGH) from 2009 to 2010 and Secretary General of the Organizing Committee of the Asia Pacific Digestive Week 2010. Dato' Dr. Tan sits in the Editorial Board of the Journal of Gastroenterology & Hepatology and World Journal of Gastroenterology. Dato' Dr. Tan was one of the expert panellists of the Asia Pacific Consensus Guidelines for the management of Helicobacter pylori in 2008. He was also the Chairman of the Malaysian Society of Gastroenterology and Hepatology - National Heart Association Malaysia Working Party Statement for antiplatelet therapy in the prevention of bleeding peptic ulcer disease. Dato' Dr. Tan has been the Scientific Chairman for the annual scientific meeting of the Malaysian Society of Gastroenterology and Hepatology from 2007 to 2017.

Upon his return to Malaysia, Dato' Dr. Tan joined Hospital Universiti Kebangsaan Malaysia (currently known as Hospital Canselor Tuanku Muhriz) as a lecturer in Medicine and a consultant in gastroenterology and hepatology. He later joined Sunway Medical Centre as a consultant in gastroenterology and hepatology.

Dato' Dr. Tan, together with five other founding doctors set up the Group's medical centre in October 2017.

Dato' Dr. Tan does not hold any directorship in other public companies and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group. He has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(cont'd)

DR. MOHAMED AKHTAR BIN MOHAMED DITALI QURESHI
Executive Director and Head of Operating Theatre and Central Sterile Supply Department
Aged 61, Male, Malaysian

Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi ("**Dr. Qureshi**") is the Executive Director of the Company and Head of Operating Theatre and Central Sterile Supply Department of the Group's medical centre. He was appointed as the Executive Director and Head of Operating Theatre and Central Sterile Supply Department on 4 May 2021 and 1 May 2021 respectively.

He graduated with a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics from the Royal College of Surgeons in Ireland and was awarded a Licentiate in Medicine and Obstetrics of the Royal College of Physicians of Ireland in 1987. He then graduated with a Bachelor of Science and Master of Surgery from the National University of Ireland, Ireland.

Dr. Qureshi is a fellow of the Royal College of Surgeons (Ireland), a fellow of the Royal College of Surgeons England (United Kingdom) and a fellow of the Royal College of Surgeons of England (General Surgery) (United Kingdom). He is also a fellow of the International College of Surgeons (United Kingdom Chapter), a fellow of the Association of Surgeons (United Kingdom) and a fellow of the Academy of Medicine of Malaysia. He is also a member of the College of Surgeons of Malaysia, a member of the Malaysian Medical Association, and a member of the Malaysian Society of Colorectal Surgeons. He also served as a member, president and committee member of the Malaysian Society of Gastroenterology and Hepatology.

Dr. Qureshi began his medical practise from 1987 to 1996 at various hospitals in Ireland and England before returning to Malaysia. Upon his return, he was appointed as a lecturer in colorectal and general surgery at Universiti Kebangsaan Malaysia, a position that he held until 1997. Subsequently, he was appointed as a senior registrar in general surgery at Scarborough General Hospital, England.

Dr. Qureshi returned to Malaysia in 1998 as a lecturer/ associate professor in colorectal and general surgery at Universiti Kebangsaan Malaysia, Malaysia. He was later appointed as a professor of surgery. Subsequently, he joined Sunway Medical Centre as a consultant in General and Colorectal Surgeon.

Dr. Qureshi does not hold any directorship in other public companies and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group. He has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(cont'd)

EMERITUS PROFESSOR DATO' DR. GOH KHEAN LEE
Executive Director, Head of Medical Advisory Board and Head of Department, Endoscopy
Aged 66, Male, Malaysian

Emeritus Professor Dato' Dr. Goh Khean Lee ("**Dato' Dr. Goh**") is the Executive Director of the Company and Head of Medical Advisory Board and Head of Department, Endoscopy of the Group's medical centre. He was appointed as the Executive Director and the Head of Medical Advisory Board and Head of Department, Endoscopy on 4 May 2021 and 1 May 2021 respectively.

He graduated with a Bachelor of Medicine and Surgery from University Malaya thereafter, completed the qualifying examination to be a member of the Royal Colleges of Physicians and Surgeons of Glasgow, and obtained his Degree of Doctor of Medicine from University Malaya.

Dato' Dr. Goh is a fellow of the Royal College of Physicians in (United Kingdom), a fellow of the Royal College of Physicians London, a fellow of the Royal College of Physicians and Surgeons of Glasgow, American College of Gastroenterology, a fellow and member of the Academy of Medicine of Malaysia and American Society of Gastrointestinal Endoscopy. He was also conferred honorary fellowships by the Hong Kong Society of Gastroenterology. He is a fellow of the Japan Gastrointestinal Endoscopy Society. He was President of the Asian Pacific Association of Gastroenterology from 2010 to 2014, President of the Asian Pacific Digestive Week from 2014 to 2018, Vice President of the World Gastroenterology Organization from 2011 to 2015, Chairman Journal of Gastroenterology and Hepatology Foundation from 2012 to 2016 and Editor in Chief of the Journal of Gastroenterology and Hepatology Open from 2017 to the current time.

He is a member of the Malaysian Society of Gastroenterology and Hepatology and has served as president and committee member for various terms. He was conferred the Merdeka Award in 2011 for "Outstanding Scholastic Achievement" for "Elevating the Practice of Gastroenterology and Hepatology to Global Standards in Malaysia". He was also conferred the title of Emeritus Professor by Universiti Malaya.

Dato' Dr. Goh worked from 1980 to 2016 with Universiti Malaya, the University of Malaya Medical Centre Concurrently, for his employment with Universiti Malaya, he also began teaching as a lecturer and was promoted to associate professor and later to Professor. He was also appointed as the Head of the Gastroenterology and Gastrointestinal Endoscopy Unit in Universiti Malaya, a position he served until his retirement in 2016. As the head of the unit, he was responsible for creating and advancing the Gastro-Intestinal Endoscopy unit, to which the World Organization of Digestive Endoscopy accorded the high distinction of Centre of Excellence to the Gastro-Intestinal Endoscopy unit in 2008.

Dato' Dr. Goh does not hold any directorship in other public companies and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group. He has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(cont'd)

KUA CHOO KAI
Independent Non-Executive Director
Aged 62, Male, Malaysian

Kua Choo Kai ("**Mr Kua**") is the Independent Non-Executive Director of the Company and he was appointed on 4 May 2021. He is the Chairperson of the Audit Committee, Remuneration Committee and Long-Term Incentive Plan Committee and a member of the Nominating Committee and Risk Management Committee.

He graduated with a Bachelor of Economics from Monash University, Australia in 1983 and later obtained a Master of Business Administration from the University of Bath (in association with The Malaysian Institute of Management) in 1995. He is a member of the Malaysian Institute of Accountants ("**MIA**"), a member of the Malaysian Institute of Certified Public Accountants and a fellow of the Chartered Practising Accountants, Australia. He was also a Certified Information Systems Auditor (CISA) from 2001 to 2020.

He began his career with Ernst & Whinney (Malaysia) (currently known as Ernst & Young PLT) after his graduation and was with the firm for 38 years.

He started as a junior audit assistant performing financial audits. From 1987 to 1989, he was seconded to Ernst & Young's London office to gain experience in computer security review of mainframe computers and mini-computers. From 1989 to 1992, he was in the management consultancy department and project managed various assignments in the areas of process improvement/transformation, strategic planning, organisation reviews and privatization feasibility studies. From 1993 to 1997, he held the position of a senior manager to principal where he was in charge of several financial and computer security engagements of large conglomerates and multinational corporations.

He was promoted as a partner in 1997 and underwent an expatriate secondment to Ernst & Young's London and Cleveland offices and was involved in risk management services and business risk framework methodology development. From 1998 to 2005, he was the head of Ernst & Young (Malaysia) advisory services and was instrumental in the start-up of the risk and assurance business services in Ernst & Young (Malaysia). In 2005, he returned to assurance practice and was the engagement partner in charge of financial audit engagements of several large conglomerate and multinational corporations. Prior to his retirement in 2020, he was a partner of Ernst & Young (Malaysia) within the Kuala Lumpur Assurance Practice and was the Professional Practice Director for East Malaysia.

He was an elected council member of MIA and served the council in the period of 2012 to 2014. He was in the committee of Ethics Board, Education and Disciplinary.

Currently, Mr Kua does not hold any directorship in other public companies and listed issuers in Malaysia, other than his position as an independent non-executive director of REDtone Digital Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group. He has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(cont'd)

DR. CHONG SU-LIN
Independent Non-Executive Director
Aged 62, Female, Malaysian

Dr. Chong Su-Lin ("**Dr. Chong**") is the Independent Non-Executive Director of the Company and she was appointed on 4 May 2021. She is the Chairperson of the Risk Management Committee, a member of the Audit Committee, Nominating Committee, Remuneration Committee and Long-Term Incentive Plan Committee.

She is a graduate of the Royal Free School of Medicine, University of London (currently known as UCL Medical School, University of London). She subsequently obtained a Master of Business Administration ("**MBA**") at London Business School, University of London, United Kingdom in 1992.

Dr. Chong began her career in 1984 with the National Health Service in the United Kingdom as a medical practitioner. Having obtained her MBA, she joined Cambridge Pharma Consultancy Ltd as a management consultant in 'pharmaco-economics', conducting analyses of clinical trial research on active pharmaceutical compounds, especially in oncology, for health economic modelling and justification for drug inclusion in European Union countries' drug reimbursement.

Upon her return to Malaysia in 1995, Dr. Chong joined Subang Jaya Medical Centre as a management trainee, and was subsequently promoted to the role of Director of Ancillary Services in 1996. Since then she has been CEO of Sunway Medical Centre, CEO of Prince Court Medical Centre, Executive Director of Beacon Specialist Hospital as well as CEO of the Healthcare arm of the International Medical University.

Dr. Chong was the 'Lab' leader for the healthcare National Key Economic Areas ("**NKEA**") blueprint planning by the Malaysian Government in 2010, and more recently a member of the task force appointed by the Minister of Health to look into workplace culture in the Ministry of Health hospitals.

Dr. Chong is an independent non-executive director of AIA Berhad, ECRI Berhad and a member of the Council of Hospis Malaysia. Dr. Chong does not hold any directorship in other public companies and listed issuers in Malaysia other than her position as an independent non-executive director of AIA Berhad and ECRI Berhad. Dr. Chong has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Group. She has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(cont'd)

DR. AZRINA BINTI ABU BAKAR
Independent Non-Executive Director
Aged 47, Female, Malaysian

Dr. Azrina Binti Abu Bakar ("**Dr. Azrina**") is the Independent Non-Executive Director of the Company and she was appointed on 4 May 2021. She is the Chairperson of the Nominating Committee and a member of the Audit Committee, Remuneration Committee, Risk Management Committee and Long-Term Incentive Plan Committee.

She graduated from Universiti Sains Malaysia, Malaysia with a Doctor of Medicine and subsequently obtained a Master of Surgery from the Universiti Kebangsaan Malaysia, Malaysia. She is also a founding member of the Malaysian Upper Gastrointestinal Surgical Society since its inception in 2013.

She began her career in 1999 as houseman in Sarawak General Hospital in Kuching. She moved on to become a medical officer attached to Miri Hospital, Sarawak and Tuanku Ja'afar Hospital in Seremban, Negeri Sembilan. While in Tuanku Ja'afar Hospital, she started her four-year-out campus Master's program under Universiti Kebangsaan Malaysia and was attached to Kuala Lumpur Hospital, Hospital Canselor Tuanku Muhriz (formerly known as Hospital Universiti Kebangsaan Malaysia) and Tuanku Ja'afar Hospital in Seremban as medical officer as part of the Master program.

Upon completing her Master's program, she joined Tuanku Ampuan Najihah Hospital in Kuala Pilah, Negeri Sembilan as a specialist leading the general surgery department. She left in 2009 and joined Tuanku Ja'afar Hospital in Seremban for post graduate study (a fellowship program) as a specialist in training for the upper gastrointestinal surgeries where she worked as a general surgeon and training in upper gastrointestinal surgery.

In 2011, she joined the Prince of Wales Hospital in Shatin, Hong Kong as a fellow as part of her upper gastrointestinal training. She returned to Malaysia in 2012 and was attached to Tuanku Ja'afar Hospital in Seremban as a specialist in the general and upper gastrointestinal division in the surgical department. In 2018, she joined Sunway Medical Centre as a specialist in the general and upper gastrointestinal surgery.

Dr. Azrina does not hold any directorship in other public companies and listed issuers in Malaysia. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Group. She has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

DR. RAMESH A/L K GURUNATHAN

Head of Department, Inpatient
Aged 55, Male, Malaysian

Dr. Ramesh A/L K Gurunathan ("**Dr. Ramesh**") joined the Group in 2017 as consultant in general, upper gastrointestinal and obesity surgeon. He was appointed as the Head of Department, Inpatient for the Group's medical centre on 1 May 2021. He is responsible for the strategic direction of the Inpatient Department as well as for the development and implementation of adequate policies and procedures for the Inpatient Department.

He graduated from Mangalore University, India with a Bachelor of Medicine and Bachelor of Surgery and subsequently obtained a Master of Surgery from Hospital Universiti Kebangsaan Malaysia (currently known as Hospital Canselor Tuanku Muhriz).

He obtained his fellowship from the Royal College of Surgeons in Ireland and is a member of the Academy of Medicine of Malaysia and College of Surgeons. He is a member of the Malaysian Society of Gastroenterology and Hepatology and has served as president and committee member for various terms. He is also a member of the Malaysian Upper Gastrointestinal Surgical Society and a member of the International Society of Diseases of Esophagus, Canada.

Dr. Ramesh began his career with the Ministry of Health in 1993 where he was placed in Kuala Lumpur General Hospital as a house officer and was posted to Queen Elizabeth Hospital in Kota Kinabalu, Sabah as a medical officer. In 1997, he joined Hospital Kebangsaan Malaysia (currently known as Hospital Canselor Tuanku Muhriz) in the same year as a Master of Surgery in general surgery.

Subsequently, he joined Malacca General Hospital as a specialist in the general surgery and subsequently was transferred to Tuanku Ja'afar Hospital in Seremban, Negeri Sembilan as a consultant in general surgery. In 2005, he took a sabbatical from his duties in Tuanku Ja'afar Hospital. During his sabbatical, he joined the Queen Alexandra Hospital, United Kingdom as a clinical fellow as part of his overseas training. He returned to Malaysia in 2006 and resumed his position with Tuanku Ja'afar Hospital. In 2010, he joined Sunway Medical Centre as a resident consultant in general, upper gastrointestinal and obesity surgeon, a position he holds until today.

Dr. Ramesh does not hold directorship in any public companies and listed issuers in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group. He has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT
(cont'd)

DR. ONG SIEW KUEN
Head of Department, Medicine
Aged 54, Female, Malaysian

Dr. Ong Siew Kuen ("**Dr. Ong**") joined the Group in 2017 as a consultant in gastroenterology and hepatology. She was appointed as the Head of Department, Medicine for the Group's medical centre on 1 May 2021. She is responsible for the strategic direction of the medicine department. She is also responsible for the development and implementation of adequate policies and procedures of the medical department.

She graduated from University College Dublin, National University of Ireland in Ireland with a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics. She is also a member of the Malaysian Society of Gastroenterology and Hepatology since 2004.

She began her career as an intern in Our Lady's Hospital in Cashel, Ireland and Mater Misericordiae Hospital (currently known as Mater Misericordiae University Hospital) in Dublin. Upon completion, she become a senior house officer in several discipline in hospitals in Ireland such as St. Columcille's Hospital, St. Michael's Hospital and Lough County Hospital. She was also a medical registrar in St. Vincent's Hospital (currently known as St Vincent's University Hospital) and Our Lady's Hospital in Drogheda, Ireland. During her time at Our Lady's Hospital, she also acted as a medical tutor at the Royal College of Surgeons, Ireland.

She returned to Malaysia in 1997 and was placed at Ipoh General Hospital as a specialist where she was responsible for care of patients. She was later transferred to the Kuala Lumpur General Hospital as a gastroenterologist. Subsequently, she joined Taman Desa Medical Centre as a consultant in gastroenterology and hepatology and later moved on to join Sunway Medical Centre as a resident consultant in gastroenterology and hepatology, where she still practices today.

Dr. Ong does not hold directorship in any public companies and listed issuers in Malaysia. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Group. She has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

DR. MUSTAFA MOHAMMED TAHER
Head of Department, Outpatient
Aged 45, Male, Iraqi and Malaysian Permanent Resident

Dr. Mustafa Mohammed Taher ("**Dr. Mustafa**") joined the Group in 2019 as consultant general, upper gastrointestinal and obesity surgeon and was appointed as the Head of Department, Outpatient of the Group's medical centre on 1 May 2021. He is responsible for the strategic direction of the outpatient department as well as for the development and implementation of adequate policies and procedures for the outpatient department.

Dr. Mustafa graduated from the College of Medicine, Baghdad, University in Baghdad, Iraq with a Bachelor of Medicine and Bachelor of Surgery. He subsequently obtained a Master of Surgery and Master of Upper Gastro-Intestinal & Bariatric Surgery from the Universiti Kebangsaan Malaysia.

He is a member of the Parenteral and Enteral Nutrition Society of Malaysia, Malaysian Upper Gastrointestinal Surgical Society, Malaysia Metabolic & Bariatric Surgical Society, the International Federation for the Surgery of Obesity and Metabolic Disorders as well as the Society of Endoscopic and Laparoscopic of Surgery Malaysia. Further, he is also a fellow of the Fellowship of Upper Gastro-Intestinal and Bariatric Division of Hospital Universiti Kebangsaan Malaysia (currently known as Hospital Canselor Tuanku Muhriz).

He began his career in 2000 with the Ministry of Health of Iraq as a medical officer in General Medicine and Surgery. He thereafter began his employment in Malaysia in 2008 with the Hospital Universiti Kebangsaan Malaysia (currently known as Hospital Canselor Tunku Muhriz), as a general surgeon as part of his Master of General Surgery Training and was subsequently promoted to the position of consultant general surgeon, upper gastrointestinal and obesity surgeon.

Dr. Mustafa does not hold directorship in any public companies and listed issuers in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group. He has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT
(cont'd)

YAP SOH KIM
Chief Executive Officer
Aged 58, Female, Malaysian

Yap Soh Kim ("**Ms Yap**") is the Chief Executive Officer of the Group and she was appointed on 2 October 2017. She is responsible in the planning, monitoring, managing direction, and coordinating day-to-day business operations of the medical centre and to ensure compliance of the relevant regulations by the regulatory bodies such as the renewal of the licenses and approvals required for the operation of the medical centre as well as the implementation of the hospital policies and procedures set by the Medical Director. She is also involved in working with key management staff in planning and managing internal control standard practices and procedures.

Ms Yap started her career in the banking industry in 1983 before joining the healthcare sector in 1996. In 1996, she worked in Subang Jaya Medical Centre as a confidential secretary and she was subsequently promoted to Manager (front office). She joined Sunway Medical Centre Sdn Bhd in 2011 as a Senior Manager and subsequently promoted to Assistant Director where her role include formulation of strategies to improve the effectiveness and efficiency of the department, review policies to further strengthen the internal control of the service and work flow.

Her involvement in healthcare sector has equipped her with knowledge and experience in the development of the hospital information system and hospital wide migration system.

Ms Yap does not hold directorship in any public companies and listed issuers in Malaysia. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Group. She has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

CHEAH WEN LIH
Senior Finance Manager
Aged 52, Female, Malaysian

Cheah Wen Lih ("**Ms Cheah**") is the Senior Finance Manager of the Group. She joined the Group in July 2020 as Finance Manager and subsequently promoted to Senior Finance Manager on 1 July 2021.

She obtained her qualification in Association of Chartered Certified Accountants ("**ACCA**") in 2002. She was admitted as a member of the ACCA in 2004 and has been a member of the Malaysian Institute of Accountants since 2004 and a fellow member of ACCA since 2009. In 2020, she obtained her Master of Business Administration ("**MBA**") from Universiti Tunku Abdul Rahman.

Prior to joining our Company, she was a practicing accountant in CWL & Co, and a financial consultant in Grand Central Enterprises Berhad.

She is responsible for overseeing the activities relating to accounts, treasury, and purchasing in the finance department. Additionally, she is responsible for financial reporting, budget planning and providing the management support by offering insights and financial advice. She is also involved in monitoring compliance of financial processes with statutory and regulatory mandates, accounting standards, and company policies and procedures.

Ms Cheah does not hold directorship in any public companies and listed issuers in Malaysia. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Group. She has no conviction for any offences (other than traffic offences, if any) within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

FINANCIAL HIGHLIGHTS

Financial Year Ended 30 June ("FYE")	2018 (1)	2019 (1)	2020 (1)	2021	2022
Statements of Profit or Loss	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	11,679	28,183	39,180	63,470	**64,442**
Gross Profit	5,006	12,832	17,515	26,679	**26,051**
Listing expenses	-	-	-	711	**1,274**
(Loss)/Profit before tax ("(LBT)")/("PBT")	(4,140)	1,476	5,534	13,469	**12,114**
Net (loss)/profit after tax for the year	(4,140)	1,476	3,952	10,005	**9,391**
Net (loss)/profit attributable to owners of the Company ("(LAT)")/("PAT")	(4,140)	1,476	3,952	10,005	**9,391**
Adjusted Net (Loss)/Profit Attributable to Owners of the Company (excluding listing expenses)	(4,140)	1,476	3,952	10,716	**10,665**
Statements of Financial Position					
Total equity attributable to owners of the Company	4,360	5,836	9,788	13,778	**92,950**
Total assets	46,940	45,944	47,091	45,977	**119,544**
Cash and bank balances, deposits with financial institution	944	1,319	5,714	6,398	**86,390**
Bank borrowings	12,532	10,128	6,018	2,018	**-**
Financial ratios					
Basic (loss)/earnings per share ("(LPS)")/("EPS") (sen)	(0.69) (2)	0.25 (2)	0.66 (2)	1.67 (2)	**1.46** (3)
Net assets per share (sen)	0.73 (2)	0.97 (2)	1.63 (2)	2.30 (2)	**14.43** (3)
Current ratio (times)	0.37	0.48	0.81	1.16	**8.04**
Gross profit margin (%)	42.9	45.5	44.7	42.0	**40.4**
PBT margin (%)	N/A	5.2	14.1	21.2	**18.8**
PAT margin (%)	N/A	5.2	10.1	15.8	**14.6**

Notes:

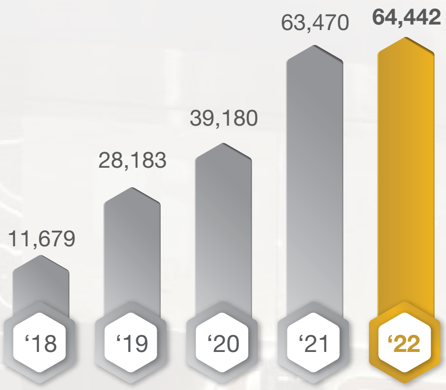
(1) *Cengild Medical Berhad was incorporated on 3 February 2021. The financial information presented for FYE 2018, 2019 & 2020 are the combined financial statements which were prepared based on the audited financial statements of Cengild Sdn Bhd.*

(2) *Computed based on the issued share capital of 600,000,000 ordinary shares after the completion of acquisition but prior to the IPO.*

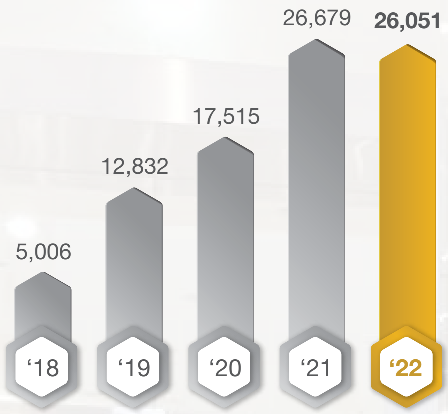
(3) *Computed based on the weighted average number of issued share capital of 600,000,000 ordinary shares after the completion of acquisition but before the IPO and 818,800,000 ordinary shares after the completion of the IPO.*

FINANCIAL HIGHLIGHTS
(cont'd)

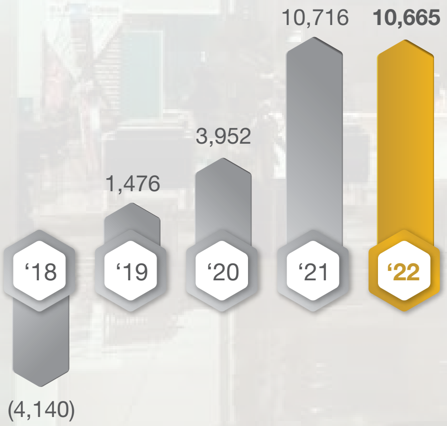
REVENUE
(RM'000)



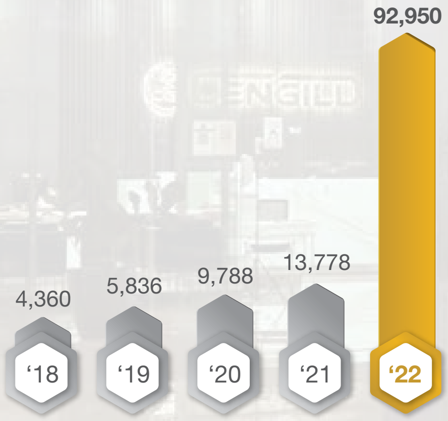
GROSS PROFIT
(RM'000)



ADJUSTED (LAT)/PAT
(RM'000)



TOTAL EQUITY
(RM'000)



MANAGEMENT'S DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

We are a healthcare provider operating a medical centre specialising in the diagnosis and treatment of gastrointestinal and liver diseases, and obesity. Our medical centre is located at Nexus @ Bangsar South, Kuala Lumpur.

Our business activities comprise the following:

(i) Consultant services

Our Group offers a comprehensive and diverse range of care and treatment services for gastrointestinal and liver diseases, and obesity. Our Group's services extend to diagnosis and treatment for gastrointestinal oncology, urology and gynaecology related conditions. Our Group also provide general cardiology assessment as part of our treatment of gastrointestinal and liver diseases.

(ii) Medical management services

Our medical management services support our consultant services with facilities available at our medical centre in order to provide care and comprehensive medical treatments for our patients.

Facilities provided include two fully equipped operating theatres to perform procedures ranging from keyhole surgery to open surgery, three endoscopy suites, a radiology department equipped with diagnostic scans, clinical laboratory that is able to carry out pathology tests on clinical specimens and a 24-hour blood testing service, a 24-hour accident and emergency department and inpatient ward, as well as a pharmacy department that prepares and dispenses medication.

Our medical management services are supported by our nursing services and clinical support services.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

(a) Nursing services

Our nurses support our consultants by providing care to our patients when they are admitted to our medical centre and assisting our consultants during various medical procedures. They are also responsible to ensure that our operating theatres are equipped with the appropriate equipment and supplies, and to assist our consultants during surgical procedures.

As for patients requiring surgery, our nurses ensure that the patients are taken care of before, during, and after their surgery in the medical centre. For endoscopic treatment, our nurses are involved in providing pre and post procedure care to our patients undergoing endoscopic procedures and provide support to our consultants during the endoscopic procedure.

(b) Clinical Support Services

Our clinical support team complement and support our consultants in diagnosing and treating gastrointestinal and liver diseases, and obesity. These services include radiology, pharmacy, laboratory testing, dietetics and nutrition, physiotherapy and medical record services.

FUTURE BUSINESS STRATEGIES

Our overall business strategy is to continue with our core business specialising in the diagnosis and treatment of gastrointestinal and liver diseases, and obesity and expand our business operations. We intend to grow our core business through a two-prong expansion approach by expanding our current medical centre as well as expand our presence to other major cities in Malaysia. We will also strengthen our medical team via recruitment of consultants and surgeons in the areas of gastroenterology and hepatology.

In addition, we will also recruit new staff which include nursing staff (which include nurse managers, registered nurses) as well as clinical support and administrative staff (such as clinic assistants, radiographer, central sterile supply unit ("**CSSU**") technicians and executives to support the IT, human resources, finance and business office) to support the expansion of our existing medical centre as well as the setting up of two (2) proposed new full-fledged medical centres.

GROUP FINANCIAL PERFORMANCE

For the financial year ended 30 June 2022 ("**FYE 2022**"), our Group recorded total revenue of RM64.44 million, representing an increase of RM0.97 million or 1.53% as compared to the financial year ended 30 June 2021 ("**FYE 2021**") of RM63.47 million. Despite the challenging environment especially the sharp rise in COVID-19 infection rate in July and August 2021, our Group's revenue remain healthy.

Our Company was listed on 18 April 2022 and therefore, our expansion plans have not started during the FYE 2022. Our Group's profit before tax decreased by RM1.36 million or 10.06% to RM12.11 million in FYE 2022 from RM13.47 million recorded in FYE 2021 mainly due to higher listing expenses incurred for our initial public offering ("**IPO**") exercise and higher nursing staff costs to support the increase in the number of patients.

Revenue Review by Segment

The Group's revenue segmental results for FYE 2022 and FYE 2021 are as follows:

	FYE 2022		FYE 2021	
	RM'000	**%**	**RM'000**	**%**
Consultant Services	24,117	37.4	23,401	36.9
Medical Management Services	40,125	62.3	38,933	61.3
Others	200	0.3	1,136	1.8
Total	**64,442**	**100.0**	**63,470**	**100.0**

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

Our revenue was mainly generated from the medical management services segment, which contributed 62.3% and 61.3% respectively of our total revenue for FYE 2022 and FYE 2021.

During the FYE 2022, both the revenue of consultant services segment and medical management services segment increased by 3.1% as compared to FYE 2021. The increase is attributable to the increase in our new patient volume for FYE 2022 (FYE 2022: 6,784 new patients compared to FYE 2021: 6,258 new patients), as well as the increase in the number of surgeries performed during the FYE 2022 (FYE 2022: approximately 1,560 surgeries compared with FYE 2021: approximately 1,450 surgeries).

However, the contribution from others segment to our total revenue in FYE 2022 declined by 82.4% as compared to FYE 2021 mainly due to the account reclassification from others segment under revenue to other income, after taking into consideration our arrangement with the six (6) employee consultants with effect from 1 September 2021. Thus, the 20% administrative income retained by our Group from 1 September 2021 was recognised as our other income.

There was no material impact on the financial performance of our Group as a result of the variation in our arrangement with the employee consultants in FYE 2022. The reclassification of the revenue under others segment to other income for the FYE 2022 and FYE 2021 are as follows:

	FYE 2022 RM'000	FYE 2021 RM'000
Revenue (others segment)	200	1,136
Other Income (external consultant income)	879	-
Total	**1,079**	**1,136**

Gross Profit

Our Group's gross profit ("**GP**") and GP margin by business segment for FYE 2022 and FYE 2021 are as follows:

	FYE 2022		FYE 2021	
GP	**RM'000**	**%**	**RM'000**	**%**
Consultant Services	3,645	14.0	3,569	13.4
Medical Management Services	22,206	85.2	21,974	82.4
Others	200	0.8	1,136	4.2
Total	**26,051**	**100.0**	**26,679**	**100.0**

	FYE 2022	FYE 2021
GP margin	**%**	**%**
Consultant Services	15.1	15.3
Medical Management Services	55.3	56.4
Others	100.0	100.0
Total	**40.4**	**42.0**

Our Group's GP for the FYE 2022 amounted to RM26.05 million, a decrease of RM0.63 million or 2.35% from RM26.68 million as compared to FYE 2021. Our GP was mainly derived from medical management services segment, followed by consultant services segment, and lastly by others segment. The decrease in our GP was mainly due to lower GP contribution from others segments due to the reclassification of the revenue from other segment to other income, as our current six (6) employee consultants were resident consultants prior to 1 September 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

Our overall GP margin decreased by 1.6% from 42.0% in FYE 2021 to 40.4% in FYE 2022 mainly due to the following:

(i) lower GP contribution from others segment which has a higher GP margin (at 100%) compared to consultant services and medical management services segment as the others segment has no associated cost.

(ii) The decrease in GP margin for medical management services segment by 1.1% from 56.4% in FYE 2021 to 55.3% in FYE 2022 mainly due to higher operating cost of our accident and emergency department arising from the recruitment of two (2) additional full-time medical officers as these two (2) medical officers only joined during the FYE 2021.

Statement of Financial Position as at 30 June 2022

Our Group's cash and bank balances, including fixed deposits and short-term investments amounted to RM86.39 million as at 30 June 2022, represents an increase of RM79.99 million from RM6.40 million as at 30 June 2021. This was mainly due to the increase in financing activities by RM66.03 million arising from the proceeds raised from the Company's initial public offering, the increase in net cash generated from operating activities by RM14.05 million and the increase in investing activities by RM0.07 million.

Our Group does not have any borrowings as at 30 June 2022 (excluding lease liabilities). Our Group has a net current assets position of RM82.08 million with a current ratio of 8.04 times as at 30 June 2022.

Our Group remains prudent in maintaining a sound financial position to achieve its strategic objectives of generating higher revenue in the coming years. It is notable that the total equity attributable to owners of our Company was RM92.95 million as at 30 June 2022 whilst net assets per ordinary share attributable to owners of our Company is 14.43 sen.

CAPITAL EXPENDITURE REQUIREMENTS

Our Group is expected to invest up to RM50.10 million over a period of 24 to 36 months for the expansion of our existing medical centre and the establishment of our new medical centres. The IPO proceeds raised from our IPO have been partly earmarked for these capital expenditures.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

For the next financial year, the primary source of our working capital is expected to be derived partly from internally generated fund and fund raised from the IPO. In the event of any shortfall, our Group would then explore fundraising through debt or bank borrowings before contemplating fund raising methods through the issuance of new equity.

KNOWN TRENDS AND EVENTS

The first phase expansion of our existing medical centre includes the addition of 8 daycare beds to cater for the increasing demand of our medical services, namely endoscopy and surgery. The expanded area is expected to be operational by end of 2022.

Having considered the performance of our Group during the financial year ended 30 June 2022 and the first-phase expansion of our existing medical centre, our Board of Directors expect our Group's prospects for the financial year ending 30 June 2023 to be favourable.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

UTILISATION OF IPO PROCEEDS

The utilisation of proceeds from the IPO of RM72.20 million is as follows:

Purpose	Intended timeframe for utilisation upon listing	Proposed utilisation		Amount utilised as at 30 September 2022	Balance Unutilised
		RM'000	%	RM'000	RM'000
Expansion of existing medical centre	Within 36 months	13,000	18.00	902	12,098[1]
Establishing new medical centres	Within 36 months	37,100	51.38	-	37,100[1]
Working capital	Within 24 months	17,404	24.11	-	17,404[1]
Defraying the listing expenses	Within 1 month	4,700	6.51	4,497	203[2]
Total		**72,204**	**100.00**	**5,399**	**66,805**

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.

Notes:

(1) The allocated IPO proceeds for capital expenditure has not been fully utilised as at 30 September 2022.

(2) The actual amount utilised for listing expenses are lower than the estimated amount. The excess will be used for working capital purposes.

OUTLOOK

Our IPO has given a boost to the confidence of our patients and stakeholders in trusting our consultants and medical services. This is especially when our medical centre is considered a relatively "young" medical centre which commenced its operations in October 2017.

Over a span of four and a half years, our medical centre has managed to rise from being a new player in town that was formed by a team of aspiring medical consultants who dared to dream, and recently achieving the distinction of being a publicly listed medical centre in Malaysia.

We will continue to focus in enhancing and expanding its expertise, capability and capacity in gastrointestinal and liver diseases, and obesity as well as selected diagnosis and treatment for gastrointestinal oncology, urology and gynaecology related conditions. Our medical centre is also providing general cardiology assessment as part of our treatment of gastrointestinal and liver diseases, and obesity.

We have learned a lot from challenges arising over the last few years particularly the Covid-19 pandemic and issues related to risk management and prudent financial management. These valuable lessons and experience have enabled the board and management to be more cautious and meticulous in considering risk during our business planning, expansion and operations. As our Company is a public listed company, we are more prudent in our decision-making process in enhancing shareholders value while ensuring our minority shareholders are adequately protected.

DIVIDEND

We target a dividend payout of at least 25% from the consolidated net profit attributable to the owners of our Company, excluding any exceptional items, for each financial year, after taken into account our financial performance, cash flow requirements and capital expenditure plan.

On 25 August 2022, our Board declared an interim single-tier dividend of 0.37 sen per ordinary share in respect of the financial year ended 30 June 2022, which was paid on 27 September 2022. The total dividend amounting to RM3,029,560 represents 32.3% of our Group's net profit for the financial year ended 30 June 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

ANTICIPATED / KNOWN RISK & MITIGATING PLANS AND STRATEGIES

(1) We are highly dependent on our employee consultants

Currently, we have six (6) employee consultants specialising in gastrointestinal and liver diseases and obesity, who are the key revenue drivers for our medical centre. The loss of any of these employee consultants, without suitable and timely replacement or the inability to attract, hire and retain suitable candidate as consultants, may result in us being unable to retain our patients or attract new patients, which could negatively affect our business operations, financial performance and future prospects. Our mitigating plans and strategies to retain, attract experienced, reputable and highly trained consultants with track record to join our medical centre as employee consultant include offering attractive remuneration packages such as minimum guarantee income and/or participation in our Long Term Incentive Plan (LTIP).

(2) We have short operating history with operation of a single medical centre

We currently operate at a single medical centre, which commenced operations in October 2017. Due to the short operating history, our medical centre may not be well known to general public as compared to other medical centres and hospitals which have longer operating history. We recognise the risk of operating single medical centre and therefore, we intend to expand our presence to other major cities in Malaysia by establishing two (2) new full-fledged medical centres at other locations.

(3) Our business is subject to and is reliant on the approvals, licenses, permits or certificate issued by the relevant Malaysian authorities

Our business operations as private healthcare facility or service provider (i.e. medical centre) are bound by federal, state and local laws and rules and regulations imposed by the relevant Malaysian Authorities such as Ministry of Health (MOH). In general, laws and regulations applicable to the healthcare industry have become more stringent with penalties and potential liabilities increasing over the years. These laws and regulations could change with the implementation of new laws and regulations or a change in the interpretation of existing law and regulations could result in substantially similar risks.

To-date, we have not encountered any difficulty in renewing approvals, licenses, permits and certificates required to operate our medical centre. All renewal of permits and certificate are dependent on our compliance with the relevant regulations which is at times contingent on the review, inspection and assessment as well as continuously evolving practices and requirements of the relevant authorities.

(4) Our medical centre may not have adequate insurance coverage for our future litigation or claims judgement or against natural disasters

We are exposed to potential liability risk such as malpractice or medical negligence claims on account of alleged misconduct or deficiencies in the provision of our services, regardless of their merit or eventual outcome, may have a material adverse effect on the professional standing and market reputation of our medical centre in terms of the quality and standard of care.

Our insurance coverage includes among others, medical malpractice liability, natural disasters such as floods, fires and public liability in order to protect our business operation. Our medical malpractice liability coverage is RM5.0 million, fire insurance coverage is RM21.4 million, and additional all-risk insurance coverage is RM5.0 million and fire consequential loss insurance coverage is RM60.0 million.

There has been no material claim against these insurance policies or instances of damage or loss not covered by insurance policies in the past.

The above insurance coverage is in addition to the individual malpractice insurance maintained by our consultants for their own medical practice. Our consultants and medical officers have observed and will continue to observe compliance with the relevant laws and regulation for professional indemnity.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

(5) We are subject to risk of system failure caused by unexpected network interruptions, security breaches, attacks by hackers or computer virus

Our business operations depend significantly on our information system for medical centre administration, management of patient information including medical records and financial information. Our information system may fail due to unexpected network interruptions, security breaches, attacks by hackers or computer virus.

To mitigate this risk, we have implemented a premises back up and server replication exercise to an off-site location and conducted penetration test.

SUSTAINABILITY STATEMENT

Cengild Medical Berhad (“**Cengild Medical**” or “**the Company**”) is proud to present its first Sustainability Statement (“**Statement**”) for the financial year ended 30 June 2022.

ABOUT THIS STATEMENT

This Statement presents our continued commitment towards sustainability and the impact on economics, environment, social and governance. It presents information and developments related to our practices and performances concerning sustainability matters during the financial year under review.

In this report, we will highlight and discuss Environmental, Social and Governance (“**ESG**”) related matters and our approach and efforts in improving and integrating sustainability into our day-to-day operations and business planning.

As a result, this Statement provides a clear and concise account of what sustainability means to us, and how Cengild Medical will strive to deliver long-term value to our shareholders and stakeholders.

SUSTAINABILITY APPROACH

We stress the importance of embedding sustainability into our business and approach towards all our stakeholders, such as our employees, customers, suppliers, contractors and community.

The Sustainability Approach of Cengild Medical is based on the pillars of Economic, Environmental and Social which form the main pillars of sustainability, and we place importance on governance factors, to strengthen our support in sustainability. The emphasis is to incorporate economic, environmental, social and governance factors into our day-to-day operations.

We strictly adhere to the best practice sustainability framework, standards and guidelines, such as the Sustainability Reporting Guidelines issued by Bursa Malaysia Securities Berhad and the United Nation’s Sustainable Development Goals (“**UNSDG**”). Compliance to all relevant regulations and legislation, and being sustainable is a core part of our business decision making process especially in our risk management planning.

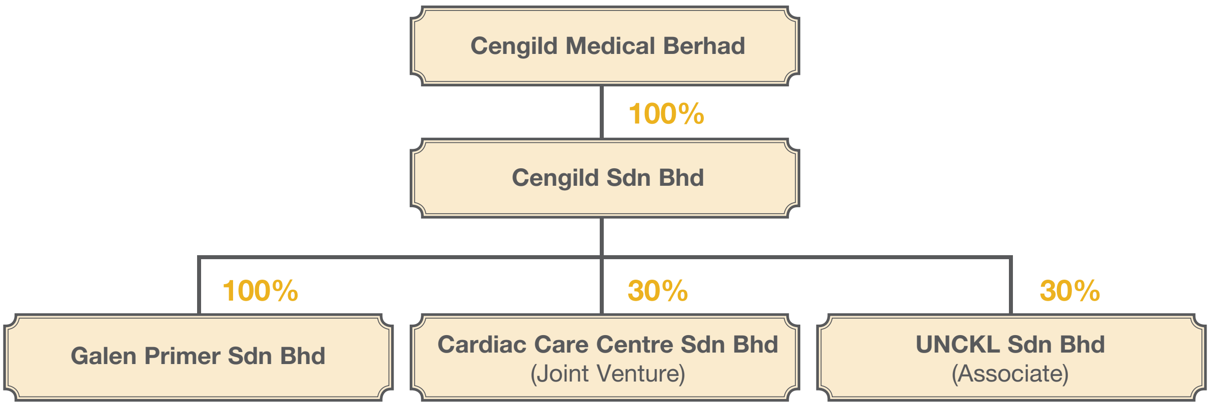
SUSTAINABILITY STATEMENT
(cont'd)

The negative impact from the COVID-19 pandemic during the financial year under review remind Cengild and its subsidiaries ("**Group**") of the importance of being sustainable in ensuring our survival during the crisis, enhancing our risk management outlook and the importance of our stakeholders especially in taking care of our employees and communities around us, which will provide us the platform to plan ahead on a sustainable basis.

We ensure all our internal stakeholders are aware of their commitment to sustainability, in terms of the approaches and initiatives. Hence, we continue to encourage our Directors and employees especially our head of divisions and departments to attend seminars, workshops and talks related to sustainability or ESG matters that are relevant to our business planning, risk management and business operations.

REPORTING SCOPE

This Statement covers the sustainability performance of our Group during the financial year ended 30 June 2022 as follows:



SUSTAINABILITY GOVERNANCE STRUCTURE

We believe in the importance of having a proper and functional governance structure. Most importantly, we must ensure that the governance structure has the transparency and accountability in executing its approach and strategies in sustainability, with clearly defined roles and responsibilities for effective decision-making and implementation.

We plan to expand the governance structure related to sustainability practices and reporting. The Senior Manager of Total Quality Management and Clinical Support has been identified as the designated person within the management to provide dedicated focus in sustainability strategies, to co-ordinate, facilitate and monitor implementation of risk management and sustainability strategies across all operations within the Group. The activities performed are overseen by the CEO of the Company.

STAKEHOLDER ENGAGEMENT

We believe in engaging with various groups of stakeholders regularly to provide updates to them on our latest sustainability initiatives and address areas of concern, as well as ensuring our Group carries out sustainable practices and create long term value for our stakeholders. Most importantly, we want to achieve a win-win situation for our Group and stakeholders.

Our stakeholders are our business partners and play an important role in providing solutions to our day-to-day business operations and growth amid the challenges in the local and global economy. As such, it is important for us to ensure that all legitimate concerns and expectations from our stakeholders are taken into various considerations through the established measures and processes.

SUSTAINABILITY STATEMENT
(cont'd)

The Covid-19 pandemic has created a new normal on the way we operate our business especially in risk management, forcing us to be innovative in the way we conduct our business operations, particularly in ensuring the safety of our employees and patients.

Key Stakeholders	Areas of Concern	Engagement Channels
Employees (including consultants, medical staff and nurses)	• Safe and conducive working environment • Rewards and recognition for performance • Career development • Employee satisfaction	• Meetings/briefings • Performance appraisals • Training programmes • Other communications/feedback such as email
Patients and customers	• Provision of quality services • Products compliances with certifications • Customer satisfaction	• Quality control and assurance • Regular meetings/visits • Other communications/feedback such as email
Suppliers	• Transparent procurement practices • Safety compliance	• Evaluation and performance reviews • Onsite visits and field audits
Regulators	• Regulatory compliance • Approvals and permits • Occupational safety and health • Environmental management and compliance	• Audit and verification • Inspections by local authorities and regulators • Training programmes for employees • Meetings with employees • Meetings with management team responsible for compliance
Community	• Corporate social responsibility • Impact on community	• Participation in community programmes and initiatives • Providing jobs
Shareholders and investors	• Current and projected growth opportunities and threats • Funding needs • Risk management • Corporate governance • ESG-compliant and initiatives • Board representation and diversity • Succession plan	• Timeliness and periodic Bursa announcements • Analysts/fund managers presentations and briefing • Analyst reports • Media write-ups • Annual General Meeting • Annual Report
Media	• Financial reporting • Transparency • Business continuity	• Media Release • Media Interview • Press Conference

SUSTAINABILITY STATEMENT
(cont'd)

SUSTAINABILITY THEMES

In our efforts to achieve a sustainable growth, we constantly monitor and deliberate on the industry trends, challenges faced in our business operations and stakeholder expectations, in order to produce sustainable long-term value to shareholders and stakeholders, especially the community around us.

We regularly work with industry experts and subject matter experts to devise sustainable business plans and strategies according to the material aspects for business growth and needs of our stakeholders based on ESG.

MATERIALITY ASSESSMENT

We plan to conduct a materiality assessment for the financial year ending 30 June 2023 to ensure that material matters are relevant and will remain relevant until the next materiality assessment.

We strongly support the UNSDG's 2030 Global Goals where the 17 identified Goals are to lead communities, corporations and governments into creating a better world for all of us.

SUSTAINABILITY STATEMENT
(cont'd)

ECONOMIC SUSTAINABILITY

We are a dedicated healthcare provider with wide-reaching impact on the Malaysian economy. We recognise that the sustainability of our business rests on our ability to produce the highest standard of quality in services surpassing the high expectations of our patients and customers. Meanwhile, we continue to strive to achieve commercial success and scale greater heights as a responsible corporate entity.

Our commitment towards sustainability remains intact. We continue to introduce and implement sustainable innovations in our daily business operations. We believe we play an important role to the economic development of local communities by employing locals, purchasing goods, services and capital equipment from local suppliers if they first meet our stringent standards, and supporting social development programmes. We trust that these efforts will improve long-term business viability and achieve a sustainable growth.

In addition, good customer relationship is important where we place great importance on patients' satisfaction. To ensure patients' satisfaction, we listen to the feedbacks of our patients by conducting regular patient satisfaction survey. We understand the importance to listen to our patients and strive to rectify negative feedbacks or work on constructive suggestions from our valued patients. Their feedbacks allow us to measure our performance in categories such as quality performance, lead time and commitment participation, responsiveness, cost competitiveness and post-discharge service and support.

We also emphasise the importance of a strong and healthy supply chain as it is a key to delivering a high standard of service and meeting the sustainability criteria of our long-term growth.

On 2 July 2021, our Company was converted into a public limited company to facilitate our initial public offering ("IPO") exercise. Consultant Services, Nursing Services and Clinical Support Services are the main revenue segments contributing to our Group's financial result, RM24.12 million - 37.4%, RM18.91 million - 29.4% and RM21.21 million - 32.9% (2021: RM23.40 million - 36.9%, RM19.79 million - 31.2% and RM19.14 million - 30.1%), respectively.

(1) FUTURE GROWTH

We intend to grow our business through the implementation of the following future plans and strategies:

(a) Expansion of existing medical centre

We intend to expand our existing medical centre at Nexus @ Bangsar South, Kuala Lumpur, by leasing additional space of approximately 12,000 to 15,000 sq ft to cater to current and future demand for our medical services, especially endoscopic procedures to strengthen our position in the segment. We have allocated RM13.00 million or approximately 18.00% of the IPO proceeds for this expansion.

The expansion of our existing medical centre will include renovations to convert the space into various sections and purposes which include three (3) endoscopy rooms, registration and payment counter, recovery area, two (2) counselling rooms, an inpatient ward, nurse counter, waiting and patient preparation area. In addition, we also intend to purchase necessary medical furniture, devices and equipment as part of our expansion which include 20 units of inpatient beds, 15 units of day care beds for the recovery area, endoscopic ultrasound device and endoscopic video imaging system, as well as electrical, computing equipment, and furniture.

We are in the midst of applying for the operating license for additional eight (8) day care beds into our premises. As of the date of this report, we have not obtained the approval from authority.

(b) Geographical expansion of our services

We currently operating in a single location in Nexus @ Bangsar South, Kuala Lumpur. We intend to expand our presence by establishing two (2) new full-fledged medical centres specialising in gastrointestinal and liver diseases, and obesity in other major cities in Malaysia such as Johor Bahru, Penang or Ipoh. We believe this step allows us to grow our core business specialising in the diagnosis and treatment of gastrointestinal and liver diseases, and obesity.

We have allocated RM37.10 million or approximately 51.38% of the IPO proceeds for this establishment of two (2) new full-fledged medical centres. We expect to utilise the funds allocated for this purpose within 36 months from the date of listing.

If the opportunity arises, we may acquire existing practices and/or clinics or establish strategic partnerships, or joint ventures with practices and/or clinics which are already operating in selected locations. As at the date of this report, the Board is still identifying suitable locations in the major cities mentioned above.

(c) Expansion of our Medical team

In order to support the expansion of our existing medical centre as well as into other major cities in Malaysia, we intend to strengthen our medical team by attracting and recruiting consultants specialising in gastroenterology and hepatology. These consultants and surgeons will be based either at our existing medical centre or at our two (2) new full-fledged medical centres in selected major cities as part of the expansion plan. The full-fledged medical centres provide facilities for both inpatient and outpatient care and will be equipped with operating theatre, inpatient ward and accident and emergency department in addition to services such as outpatient clinics, radiology room, endoscopy rooms, laboratory, pharmacy and day care beds for the recovery areas. We will also recruit new staff which include nursing staff and administrative staff to support the expansion of our existing medical centre as well as the setting up of two (2) proposed new full-fledged medical centres.

We have allocated RM12.00 million or approximately 16.62% of the IPO proceeds to recruit 10 new consultants and surgeons and provide them with guaranteed minimum income up to a period of 24 months. In addition, we have also allocated RM3.77 million or 5.21% of the IPO proceeds to recruit new staffs which include nursing staffs, clinical support and administrative staffs. We expect to utilise the funds allocated for the recruitment of consultant, surgeons, nursing and administrative staffs within 24 months from the date of listing.

(2) SUPPLY CHAIN

We expect the highest standard of support and service from our vendors as a solid supply chain is needed to achieve long term growth on a sustainable basis. We conduct on-site annual supplier audits, yearly ongoing reviews based on vendor's risk level for our frequently used suppliers in accordance with the stringent guidelines for vendor selection and evaluation of Standard Operating Procedures ("**SOP**"). Findings of any non-conformance from the supplier audits are communicated to such suppliers, and they are required to set out their action plans and implement them within 2 weeks.

Food service inspection

Clinical waste inspection

Off-site laundry service inspection

SUSTAINABILITY STATEMENT
(cont'd)

ENVIRONMENT SUSTAINABILITY

Electronic Medical Records

We have invested and implemented the Electronic Medical Records ("**EMR**") through the Hospital Information System. As we move into integration of technology into our business operations, the benefits of the EMR for our Group are enormous. For instance, EMR may increase our staff and doctor's accessibility to retrieve up to date patients' medical record, providing accurate diagnosis and treatment, with complete information on our patients at the point of care. This reduces paper usage and storage space.

Although we enjoy the benefits of the EMR system, we also recognise the risks associated with data breaches in the course of business that may compromise our doctor-patient privacy. Therefore, we place great emphasis on the confidentiality of such information by implementing a high level of cybersecurity protection practices and policies.

Clinical Waste

We have designed and implemented a Hospital Environmental Policy for our medical centre to control clinical waste. Under the Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005, every waste generator shall ensure that the generated waste is properly stored, treated on-site, recovered on-site, or delivered to a prescribed premises for treatment, disposal or recovery of material.

Waste generated from our Group's operations is disposed of in a responsible manner by a licensed clinical waste contractor registered with the Department of Environment. A proper system is in place to manage the medicine supplies and ensure minimum wastage. All expired medication will be disposed of based on the Pharmacy SOP.

We implemented the below strategies to reduce our clinical waste:-

i) conduct awareness training on handling of clinical waste for medical staffs;
ii) conduct a random site inspection for our clinical waste bins; and
iii) monitor feedback from our housekeeping staffs and other relevant sources.

Clinical Waste

Year	Weight (kg)	Revenue (RM'000)	Weight per Revenue (kg/revenue)
YA 2020	11,440	39,180	0.292
YA 2021	14,118	63,470	0.222
YA 2022	14,777	64,442	0.229

From the table above, we have managed to improve the efficiency in our clinical waste in spite recording a rising trend in our revenue. This is reflected in the declining trend of the percentage in total clinical waste over the total revenue generated, between FYE2020 and FYE2022.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL SUSTAINABILITY

We strongly believe that our employees are important to our Group. We continuously invest in our employees as we strongly believe that they will propel us towards achieving a sustainable growth in the long term. We constantly engage with our employees to ensure that they understand our mission, culture, best practices and most importantly, our commitment to sustainability and ESG matters.

We strive to ensure that our employees derive satisfaction working while providing them a structured career development path with opportunities to grow with our Group.

As a responsible employer and being a leading healthcare provider, we also take the health and safety of our employees seriously.

In developing our business strategy, we emphasise human rights and will never tolerate any forms of discrimination and practices. We operate our business ethically, responsibly and take initiatives to prevent incidents of sexual harassment, child labour and forced labour. We have put in place several measures to address human rights-related risks, such as our Code of Ethical Conduct and Conflicts of Interest ("Code") that covers sexual harassment and discrimination. This Code set out a framework to ensure that no employees, regardless of gender and status, are subjected to any form of harassment.

Employee Benefits

Insurance and Medical Benefits	As we place a great importance on the health of our employees, we ensure that our employees are covered by insurance and medical benefits as follows: - Outpatient (Employees and employee's dependent) Coverage - Inpatient (Employees and employee's dependent) Coverage - Dental and Optical Benefits - Personal accident, hospitalization and surgical insurance card (Employees and employee's dependent) - Hospitalisation Leave - Maternity and Paternity Leave
Health and Wellness	All employees who are in contact with patients such as, operating theatre, critical and Intensive care units, hospital aide and porters assigned to general nursing wards shall be entitled to free screening and immunization for Hepatitis. (Exclusion for staff in clerical and administrative)
Remuneration, Rewards and Recognition	- Annual increment and bonus - Staff's referral program - Perfect attendance reward program
Other Benefits	- Travelling Allowance - Supporting symbolic occasions in our employee's lives, such as Chinese New Year, Deepavali, Hari Raya and Christmas. - Special leave (compassionate leave and disaster effecting leave)

Gender Diversity

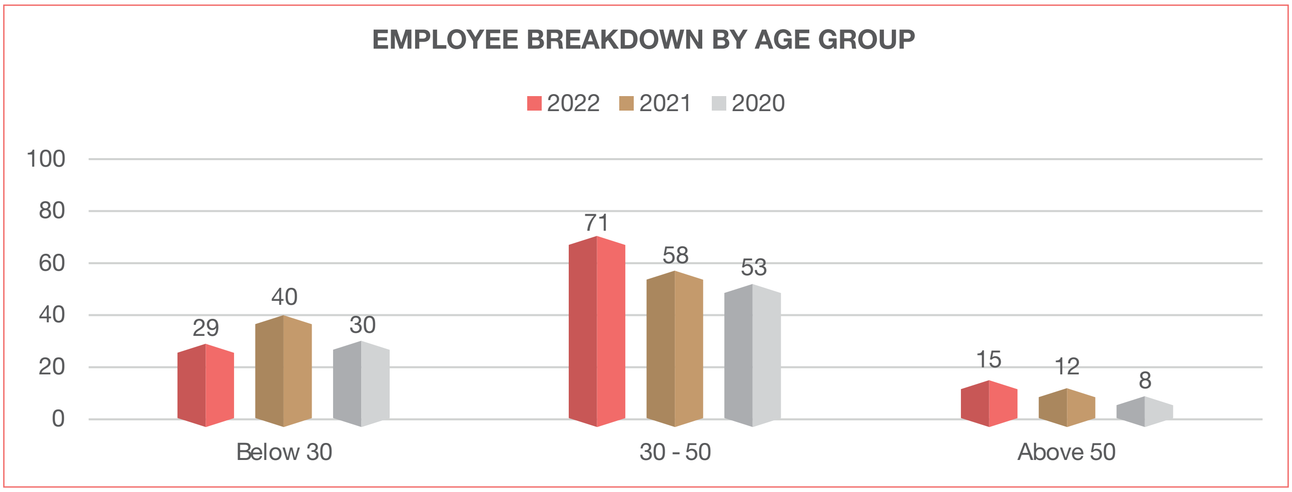
We do not set any gender target, however, we strive to achieve a balance of genders at a departmental and Group level.

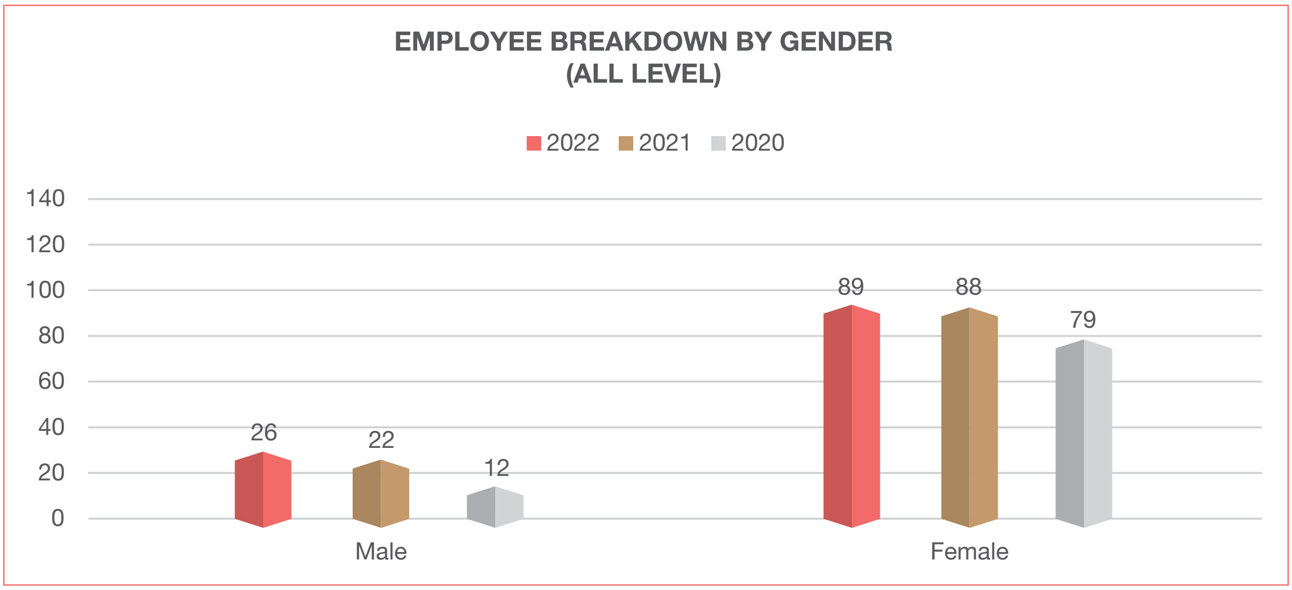
In respect of the diversity of our Board, we comply with the gender diversity recommended by Malaysian Code on Corporate Governance ("**MCCG**") issued by the Securities Commission of Malaysia. Our Board through the Nominating Committee ("**NC**") will continuously review our Board composition taking into consideration the appropriate competence, experience, character, integrity and time to effectively discharge his/her role as a director. Our Board has achieved the target of 30% women Directors in line with Practice 5.9 of the MCCG. Currently, there are 2 women directors, representing 33.33% of our Board.

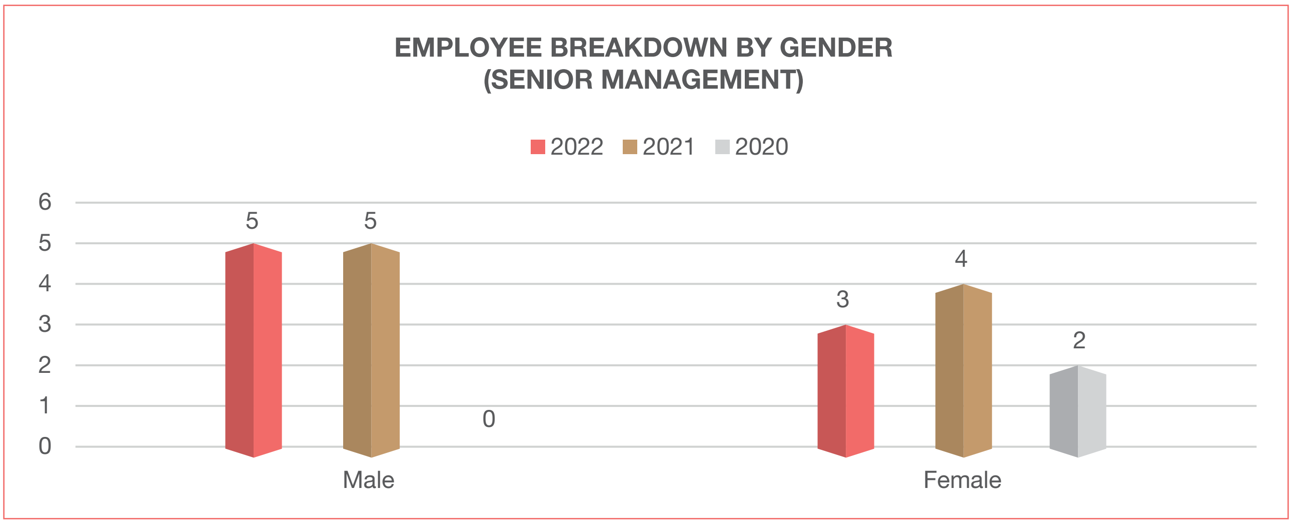
SUSTAINABILITY STATEMENT
(cont'd)

We aim to maintain an appropriate level of diversity in our Board composition to reflect the diverse nature of its operations and support the achievement of our long-term strategic vision and sustainable operating objectives.

As at 30 June 2022, we have a total of 115 employees and the breakdown of our employees by age and gender are as follow:







SUSTAINABILITY STATEMENT
(cont'd)

Employee Training & Development

Our staff training programmes are identified based on business strategies and operational needs, meeting regulatory requirements and ensuring the development of our people's technical, interpersonal, business and management skills. The training programmes that we have arranged for our staff during the FYE 2022 are as follows:

FYE 2022			
TRAINING	**NO OF PARTICIPANTS**	**INTERNAL/ EXTERNAL**	**NO OF HOURS**
Mandatory Accreditation Program	6	EXTERNAL	21
Hospital Pharmacy Management	2	EXTERNAL	14
APHM Nursing Conference	2	EXTERNAL	7
Handling Full Set of Account	1	EXTERNAL	14
Insight 2021	1	EXTERNAL	14
Meningkat Prestasi Operator Store Gudang	1	EXTERNAL	14
Malaysia Tax Budget Conference 2022	3	EXTERNAL	7
Pain Management For Nurses	1	EXTERNAL	14
Effective Documentation For Nurses	3	EXTERNAL	14
Medication Error & Drug Calculation for Nurses	2	EXTERNAL	14
Case study approach to dealing with Deferred taxation	2	EXTERNAL	7
Medication handling	1	EXTERNAL	7
Assessment, Risk Prevention, and Nursing Management for Patient with Pressure Ulcer	1	EXTERNAL	7
Fall Prevention and Management of Patients Fall	1	EXTERNAL	7
Onsite Food Hygiene & Safety for Food Handlers in Food Processing	14	EXTERNAL	4.5
Basic Life Support	9	EXTERNAL	4.5
Basic Life Support	9	EXTERNAL	4.5
Basic Life Support	15	EXTERNAL	4.5
Anatomy and Physiology Program	1	EXTERNAL	21
Telephone Courtesy	20	INTERNAL	6
The Art of Good Customer Service	7	INTERNAL	2

SUSTAINABILITY STATEMENT
(cont'd)

Patient data protection

As a healthcare provider, we manage sensitive patient health data on a daily basis, which include patients' historical health data. It is our duty to handle the sensitive information with care and integrity. We comply with Personal Data Protection Act 2010 (Act 709) and implement practical steps to protect Personal Data from any threat of breach.

Approval is required from our Management or Head of Departments for access to our Hospital Information System based on the user roles in order to ensure we manage our patients' data carefully. We do not keep patients' data that we do not need and do not collect information that we do not require.

Anti Bribery

Our Group has zero tolerance towards bribery. Bribery includes those in the form of exchange of money, goods, services, property, privilege, employment position or preferential treatment in attempting to illicitly influence the decision or actions of a person in a position of trust within an organization, either for the intended benefit of our Group or the persons involved in the transaction.

Public Listed Companies ("**PLCs**") is required to establish and implement policies and procedures on anti-corruption and whistleblowing to prevent corrupt practices, which will enable PLCs to have a measure of defense against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act ("**MACC**") Act. In addition, the Anti-Corruption Amendments require PLCs and their board of directors to review the policies and procedures periodically or at least once every three years to assess their effectiveness. The Anti-Corruption Amendments also require PLCs to ensure that corruption risks are included in the annual risk assessment of PLCs and their group of companies.

Our Anti-Bribery policy can be accessed from our website at https://cengild.com/corporate-governance/

Whistle Blowing

We have established a Whistleblowing Policy that provides the assurance and confidence to our employees and external parties that we have an effective channel to report any activity that breaches our Code of Conduct and/or any breach of ethics by our employees.

We also provide a platform for complaints or whistle blowing. The Whistleblowing Policy can be accessed from our website at https://cengild.com/corporate-governance/. Whistleblowers may send complaints or whistleblowing report to: cengild.whistleblower@cengild.com or post it to Unit 2-3 & 2-4, Nexus @ Bangsar South, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur.

To safeguard the whistleblowers, we assure that all reports will be treated with strict confidentiality and upon verification of genuine cases, prompt investigation will be carried out.

As at to date, we have not received any whistleblowing complaint.

SUSTAINABILITY STATEMENT
(cont'd)

COMMUNITY

Public Health Awareness Campaign

We participated in the Health Awareness Campaign organised by the UOA Group in December 2021 and provided free medical and health consultancy to the public through our dietitians and medical officers. Our free medical and health consultation include BMI screening, body composition analyser, glucose test and blood pressure check. In addition, we sponsored gift during the Quiz session.

M-Hope Programme

On 25 March 2022, we collaborated with Kuala Lumpur Sports, Recreation, & Health (SURE Sihat) Department to set up a Corporate Social Responsibility (CSR) programme namely M-Hope, initiated by Dr. Mustafa Mohamed Taher, our Head of Department, Outpatient, with a fund amounting to approximately RM350,000 to provide bariatric surgery to 12 obese individuals from the underprivileged community for free.

M-Hope programme is not only a platform to treat obesity patients, but it is also to provide training and exposure to doctors specialising in bariatric surgery.

SUSTAINABILITY STATEMENT
(cont'd)

Covid-19 Vaccination Programmes ("PPV")

We participated in PPV by offering our medical centre located in Nexus @ Bangsar South, Kuala Lumpur as a vaccination centre for the public during the call of the Government to healthcare providers to support the Covid-19 vaccination programme.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Cengild Medical Berhad ("**Cengild Medical**" or "**the Company**") commits itself to instilling good corporate governance practices in the Company and its group of companies ("**Group**") in accordance with the principles set out in the Malaysian Code on Corporate Governance ("**MCCG**"). The Board strives to ensure our Group adopts the best practices of corporate governance in an effort to protect the interest of the stakeholders and enhance shareholders' value.

This statement outlines the following principles and recommendations which the Group has comprehended and applied within the standards outlined in the MCCG and the Board will continue to take measures to improve compliance with principles and recommended best practices in the ensuing years: -

- **Principle A**: Board Leadership and Effectiveness;
- **Principle B**: Effective Audit and Risk Management; and
- **Principle C**: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**AMLR**") and should be read together with the Corporate Governance Report 2022 which is available on the Company's corporate website at https://cengild.com/corporate-governance/ as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A. BOARD RESPONSIBILITIES

BOARD ROLES AND RESPONSIBILITIES

The Board has the overall responsibility for the long-term success of the Group and delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and responsibilities, the Board assumed the following corporate governance guidelines:

(a) together with management, promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;

(b) reviewing and setting a strategic plan for the Group to ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;

(c) reviewing, challenging and deciding on management's proposals for the Group, and monitoring its implementation by management;

(d) overseeing the conduct of the Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of the Group;

(e) identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;

(f) reviewing the information and risk management and internal control system and the effectiveness of the management;

(g) ensuring there is an orderly succession of senior management positions who are of high caliber and have the necessary skills and experience. The Board delegates to the Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") to review succession plans and remuneration packages for the Directors respectively as well as the Group's policies and procedures on remuneration for the employees of the Group. The Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;

(h) reviewing and approving financial statements;

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. BOARD RESPONSIBILITIES (cont'd)

BOARD ROLES AND RESPONSIBILITIES (cont'd)

(i) reviewing and approving the reports of the Audit Committee ("**AC**") (including the status of compliance of the Undertakings* by employee consultants to the Group), Risk Management Committee ("**RMC**"), NC and RC at the end of each financial year;

(j) reviewing and approving the Company's annual report;

(k) ensuring the integrity of the Company's financial and non-financial reporting; and

(l) undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director.

The roles and responsibilities of the Board are clearly stated in the Board Charter and appropriately segregated between those of the Chairman, Group Chief Executive Officer, Executive and Non-Executive Directors. A copy of the Board Charter can be accessed through the Company's website, https://cengild.com/corporate-governance/.

Note: -

* Employee Consultants shall not practice at other medical centres:

(i) after three (3) years from the date the Company is listed on the ACE Market of Bursa Securities; or

(ii) on full commencement of operations at the expanded area of the Group's existing medical centre,

whichever is the earlier, unless written approval from the Company has been obtained and the following conditions are met:

(i) employee consultants only consult and treat patients at other medical centre where such patients have other illnesses that require the attention of other specialists not available at the Group's medical centre; and

(ii) employee consultants shall not practise at other medical centres more than two (2) clinic sessions a week.

BOARD MEETING ATTENDANCE

Full Board minutes are circulated to the Board and Board Committees respectively as soon as practicable after the meetings for review and comment. The Board meetings held during the financial year ended 30 June 2022 and the Directors' attendance are shown below:

Directors	Board	AC	RC	NC	LTIPC
Dato' Dr. Tan Huck Joo	8/8	-	-	-	-
Emeritus Professor Dato' Dr. Goh Khean Lee	5/8	-	-	-	-
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	8/8	-	-	-	-
Dr. Chong Su-Lin	8/8	2/2	1/1	1/1	1/1
Kua Choo Kai	8/8	2/2	1/1	1/1	1/1
Dr. Azrina Binti Abu Bakar	7/8	2/2	1/1	1/1	1/1
Total Numbers of Meetings	8	2	1	1	1

BOARD TRAINING

The Board continues to identify appropriate briefings, seminars, conferences and courses for the Directors to attend to keep abreast with the latest economic and corporate developments as well as changes in legislations and regulations affecting the Group.

The Directors are mindful that they would continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually being updated on the Group's business and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. BOARD RESPONSIBILITIES (cont'd)

BOARD TRAINING (cont'd)

During the financial year under review, the Directors have attended the following training programmes, seminars and/or conferences:

Name of Director	Training Program	Date
Dato' Dr. Tan Huck Joo	• Internal: How safe is PPI in Long Term • Mandatory Accreditation Program for Directors of Public Listed Company ("**PLC**")	21 November 2021 6 December 2021 to 8 December 2021
Emeritus Professor Dato' Dr. Goh Khean Lee	• Mandatory Accreditation Program for Directors of PLC	6 December 2021 to 8 December 2021
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	• Internal: Colorectal Cancer Screening – Who to screen? • Mandatory Accreditation Program for Directors of PLC	21 November 2021 6 December 2021 to 8 December 2021
Mr. Kua Choo Kai	• EY webinar on recent MASB developments and amendments, accounting for supply chain financing and changes to lease terms due to COVID-19 pandemic • EY Budget 2022 webinar • Mandatory Accreditation Program for Directors of PLC • CPA Australia: Let's Talk Tax: VA Program, Amnesty for Value Added Tax • Tricor Malaysia: RPT/RRPT and Corporate Disclosure	28 October 2021 12 November 2021 6 December 2021 to 8 December 2021 22 April 2022 15 June 2022
Dr. Azrina Binti Abu Bakar	• Mandatory Accreditation Program for Directors of PLC	6 December 2021 to 8 December 2021
Dr. Chong Su-Lin	• Financial Times Live: Innovation in Insurance • Financial Times Live: Investment Strategies for a Sustainable Recovery in Asia • HRCI: Upskilling HR Leaders: the future of work • Skrine webinar: Managing Occupational & Health Risks: Operating your Business safely during the COVID-19 Pandemic. • Mandatory Accreditation Program for Directors of PLC • Raja, Darryl & Loh: The Millionaire's Club: damages and recent developments • Financial Times Live: How can healthcare providers manage the shift to remote services? • The Economist: In conversation with Dr. Anthony Fauci	15 July 2021 28 July 2021 26 August 2021 2 September 2021 6 December 2021 to 8 December 2021 2 March 2022 24 March 2022 25 March 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. BOARD RESPONSIBILITIES (cont'd)

CHAIRMAN

The Chairman, Dato' Dr. Tan Huck Joo will act independently in the best interest of the Group and provide the lead at Board level and represents the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring Board effectiveness and promoting the highest standards of integrity, probity and corporate governance throughout the Group. The responsibilities of Chairman are as follows: -

(a) setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;

(b) leading the Board in establishing and monitoring good corporate governance practices in the Group;

(c) leading Board meetings and discussions and acting as a facilitator at Board and ensuring appropriate level of interaction among Board members;

(d) encouraging active participation at Board meetings and allowing dissenting views to be freely expressed;

(e) promoting constructive and respectful relations between Directors and senior management;

(f) ensuring compliance with all relevant regulations and legislation; and

(g) representing the Board to shareholders and ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

CHIEF EXECUTIVE OFFICER ("CEO")

CEO, Ms Yap Soh Kim is the highest-ranking executive in the Group and whose primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Group, acting as the main point of communication between the Board and corporate operations and being the public face of the Group. The responsibilities of CEO are as follows:-

(a) managing the day-to-day business operations of the Group;

(b) ensuring that the applicable rules and regulations for the conduct of affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation;

(c) representing the Group as the key spokesperson with all stakeholders including investors, regulators and business partners;

(d) leading the development of the Group's operations and businesses and recommending short and long-term strategies to the Board;

(e) assessing all business opportunities which may potentially benefit to the Group;

(f) maintaining awareness of the competitive market landscape, expansion opportunities and industry developments;

(g) ensuring that the Group maintains high social responsibility wherever it does business;

(h) creating and implementing the Company's vision and mission; and

(i) serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. BOARD RESPONSIBILITIES (cont'd)

CODE OF CONDUCT AND ETHICS

The Directors observe the Company Directors' Code of Conduct and Code of Ethics established by the Companies Commission of Malaysia. The Code of Conduct and Ethics is based on the principles in relation to sincerity, integrity, responsibility and corporate social responsibility and applies to all employees of the Group. A copy of the Code of Conduct and Ethics can be accessed through the Company's website at https://cengild.com/corporate-governance/.

ANTI-BRIBERY AND CORRUPTION AND WHISTLEBLOWING POLICY

As part of the Board's focus area on corporate governance, the Company is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. The following policies have been adopted by the Board to ensure proper governance is practiced by the Company and across the Group:

(a) Anti-Bribery and Corruption Policy

The Group is committed to conduct its business in an ethical and honest manner, and to implement and enforce a system that ensures corrupt gratification is prevented. The Group has adopted a zero-tolerance approach against all forms of bribery and corrupt gratification and its associated activities.

The Board and top-level management are committed to acting professionally, fairly and with integrity in all of the Group's business, in whichever country we operate.

This Anti-Bribery and Corruption Policy sets out the responsibilities of the Group and those who work for the Group to observe and uphold the Group's zero-tolerance position on "Bribery and Corruption".

The Anti-Bribery and Corruption Policy is made available for reference in the Company's website at https://cengild.com/corporate-governance/.

(b) Whistleblowing Policy

The Company adopts Whistleblowing Policy which serves as the guidelines for managing improper conduct within the Group and provides a channel of communication to encourage the report of any misconduct so that appropriate actions can be taken to resolve these issues.

The Whistleblowing Policy will be periodically reviewed and are available on the Company's corporate website, https://cengild.com/corporate-governance/.

COMPANY SECRETARY

The Board is supported by two (2) qualified and competent Company Secretaries, Chong Lay Kim, who is a Licensed Secretary by Registrar of Companies and Yeng Shi Mei who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and both are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the resultant implications to the Group and the Directors in relation to their duties and responsibilities.

The Company Secretaries ensure that deliberations at Board and Board Committee Meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions. The roles and responsibilities of the Company Secretaries are also stated in the Board Charter of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

B. BOARD COMPOSITION

BOARD COMPOSITION, INDEPENDENCE AND DIVERSITY

The Board currently consists of six (6) directors with three (3) Independent Non-Executive Directors, one (1) Executive Chairman and two (2) Non-Independent Executive Director. Currently, there are two (2) female directors on the Board, namely Dr. Chong Su-Lin and Dr. Azrina Binti Abu Bakar.

The Board composition meets the requirements of AMLR, which requires at a minimum of two (2) or one-third (1/3) of the Board, whichever is higher to be Independent Directors and the MCCG which requires at least half of the Board to consist of Independent Directors.

The Independent Directors are independent of management and are able to provide check and balance during Boardroom deliberations and decision making.

No Independent Directors have served on the Board for more than nine (9) consecutive years as the Company was listed on 18 April 2022. However, a policy on the tenure of Independent Directors was adopted and forms part of the Board Charter. Should the Board intend to retain the Independent Directors whose tenure exceeds the term of nine (9) years, it shall seek shareholders' approval.

The significance of the diversity of the Board and the senior management in regard to skills, experience, age, cultural background and gender have always been emphasised by the Board to ensure that there is variety of professional opinion and where there is value that can be contributed to the growth of the Company. The NC is responsible to develop policies on diversity, as well as to identify and recommend suitable candidates for appointment as Directors or senior management.

BOARD COMMITTEES

To ensure the Board is able to effectively supervise the operations of the Company and to discharge their duties, the following Board Committees were formed to assist the Board:

(a) Audit Committee ("**AC**");
(b) Nominating Committee ("**NC**");
(c) Remuneration Committee ("**RC**");
(d) Risk Management Committee ("**RMC**"); and
(e) Long Term Incentive Plan Committee ("**LTIPC**").

Apart from the abovementioned Board Committees, the Board may from time to time establish other Board Committees to assist the Board in discharging its responsibilities more effectively.

These Board Committees do not make decision on behalf of the Board. Each Board Committee will have the authority to examine particular issues within its terms of reference and make the necessary recommendations to the Board for its consideration and decision making.

The duties and powers delegated to these Board Committees are set out in the Terms of Reference ("**TOR**") of each Board Committee as approved by the Board. The TOR of each Board Committee is available on the Company's website at https://cengild.com/corporate-governance/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

B. BOARD COMPOSITION (cont'd)

BOARD COMMITTEES (cont'd)

Nominating Committee

The Company's NC is comprised exclusively of Non-Executive Directors who are all independent and at least three (3) members in total. The composition of the NC is as follows:

Chairman: Dr. Azrina Binti Abu Bakar (Appointed on 4 May 2021)
Members: Dr. Chong Su-Lin (Appointed on 4 May 2021)
Mr. Kua Choo Kai (Appointed on 4 May 2021)

The composition, authority, duties and responsibilities of the NC are set out in its TOR, which can be accessed through the Company's website at, https://cengild.com/corporate-governance/.

The Board delegates to the NC the responsibility of making recommendations on any potential candidates for the appointment of new Director. The NC is responsible that the procedures to appoint new Director are transparent and based on merits. During the financial year ended 30 June 2022, the Company did not appoint any new Director.

Under the provision of the Company's Constitution, one-third (1/3) of the Directors for the time being, or, if their number if not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

The NC is also responsible to review annually the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities.

Long Term Incentive Plan Committee

The Company's LTIPC is comprised exclusively of Non-Executive Directors who are all independent and at least three (3) members in total. The composition of the LTIPC is as follows:

Chairman: Mr. Kua Choo Kai (Appointed on 4 May 2021)
Members: Dr. Chong Su-Lin (Appointed on 4 May 2021)
Dr. Azrina Binti Abu Bakar (Appointed on 4 May 2021)

The primary function of the LTIPC is to provide assistance to the Board in implementing and administering of the Long-Term Incentive Plan ("**LTIP**") of the Group. Currently the LTIP consists of two (2) plans which are Executive Share Option Scheme and Executive Share Grant Scheme.

The composition, authority, duties and responsibilities of the LTIPC are set out in its TOR which can be accessed through the Company's website at https://cengild.com/corporate-governance/.

Remuneration Committee

The Company's RC is comprised exclusively of Non-Executive Directors who are all independent and at least three (3) members in total. The composition of the RC is as follows:

Chairman: Mr. Kua Choo Kai (Appointed on 4 May 2021)
Members: Dr. Chong Su-Lin (Appointed on 4 May 2021)
Dr. Azrina Binti Abu Bakar (Appointed on 4 May 2021)

The primary function of the RC is to develop a remuneration package that is competitive and in line with the current market practice to attract, retain and reward talented Directors and senior management, and is aligned with the Group's strategy. The remuneration package is determined by taking into account the short-term and long-term objectives and growth of the Group.

The composition, authority, duties and responsibilities of the RC are set out in its TOR which can be accessed through the Company's website at https://cengild.com/corporate-governance/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

B. BOARD COMPOSITION (cont'd)

The details of the remuneration of the Directors of the Company and the Group on a named basis for the FYE 2022 are as below:

DIRECTORS REMUNERATIONS

	Directors' Fees (RM'000)	Salaries, EPF and SOCSO (RM'000)	Bonuses, EPF and SOCSO (RM'000)	External Consultant Fee^ (RM'000)	Allowances (RM'000)	Benefit-in-kind (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors (Group)								
Dato' Dr. Tan Huck Joo	-	2,500	976	1,605	-	-	420	5,501
Emeritus Professor Dato' Dr. Goh Khean Lee	-	446	24	75	-	-	207	752
Dr. Mohamed Akhtar bin Mohamed Ditali Qureshi	-	800	388	914	-	-	161	2,263
Non-Executive Directors (Group)								
Mr. Kua Choo Kai	45	-	-	-	8	-	-	53
Dr. Chong Su-Lin	45	-	-	-	7	-	-	52
Dr. Azrina Binti Abu Bakar	45	-	-	-	6	-	-	51

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

B. BOARD COMPOSITION (cont'd)

TOP 5 SENIOR MANAGEMENT REMUNERATION

Group	Remuneration (including EPF and SOCSO) (in bands of RM50,000) (RM)	External Consultant Fee^ (including EPF and SOCSO) (in bands of RM50,000) (RM)	Others* (in bands of RM50,000) (RM)	Total (in bands of RM50,000) (RM)
Key Senior Management				
Dr. Ramesh A/L K Gurunathan	750,001 - 800,000	550,001 - 600,000	100,001 - 150,000	1,450,001 - 1,500,000
Dr. Ong Siew Kuen	700,001 - 750,000	300,001 - 350,000	50,001 - 100,000	1,100,001 - 1,150,000
Dr. Mustafa Mohammed Taher	5,100,001 - 5,150,000	-	1,000,001 - 1,050,000	6,100,001 - 6,150,000
Ms. Yap Soh Kim	450,001 - 500,000	-	-	450,001 - 500,000
Ms. Cheah Wen Lih	200,001 - 250,000	-	-	200,001 - 250,000

None of the above-mentioned Directors and Key Senior Management received any benefit-in-kind during the financial year under review other than allocated ESOS.

* Fees paid to the consultants in relation to the consultation services rendered to patients at the Group's medical centre pursuant to the agreements entered with the consultants respectively, which have been terminated since the consultants have been employed as employees with effect from 1 September 2021.

^ The Group's employee consultants may perform consultation and undertake treatments for their patients in other medical centres. Pursuant to the employment agreements and deeds of assignment they have entered into with Cengild Sdn Bhd, with effect from 1 September 2021:

(a) they will assign to the Group all the income earned by them in other medical centres; and

(b) the Group will pay them 80% of the income earned by them in other medical centres.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

A. AUDIT COMMITTEE

The AC currently comprises Independent Non-Executive Directors. The AC members possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities as set out in the TOR. Collectively the AC members are financially literate and able to understand, analyse and challenge matters under the purview of the AC including the financial reporting process.

The TOR of the AC is available on the Company's website, https://cengild.com/corporate-governance/.

During the financial year, the AC had carried out an annual assessment of the independence and performance of the external auditors, Crowe Malaysia PLT, and was satisfied that the external auditors have been independent throughout their audit engagement. The AC has also met with the external auditors without the present of management during the financial year to discuss on any matters that the external auditors may wish to bring up to the attention of the AC.

B. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for risk governance and ensures that Group management maintains an effective risk management and internal control framework.

The Board is well aware of the importance of a sound internal control and risk management framework in ensuring the operation runs smoothly and potential risks are mitigated. The Company has recently engaged Baker Tilly Monteiro Heng Governance Sdn Bhd, an independent internal audit firm ("**BTMHG**" or "**Internal Auditors**") to assist in formalizing the Group's risk management frame work and to provide assurance on the adequacy and integrity of the internal control system. The Internal Auditors report directly to the RMC.

The RMC is responsible for reviewing the risk management framework and internal control system and ensure that it aligns with the business objectives of the Group. The RMC's roles include updating the Board on current major risks, potential risks identified, changes of risk profile and management action plans taken to manage those identified risks. The RMC also reviews the clinical governance, quality framework and reports to ensure delivery of high quality and safe patient care across the Group in accordance with the appropriate standards. Annual assessment and periodic testing on the effectiveness of the risk management framework and internal control system are conducted, and the assessment results together with recommendations for improvements are reported to the Board.

The TOR of the RMC is available on the Company's website, https://cengild.com/corporate-governance/.

Details on the key features of the risk management and internal control system together with its adequacy and effectiveness are described in the Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

A. COMMUNICATION WITH STAKEHOLDERS

The Company is fully committed in providing continuous communication with the stakeholders and also the importance of transparency. Hence, the Board has established an effective and transparent method to keep the stakeholders informed on corporate information, policies on governance, economic, environmental and social responsibility.

The Company has posted the following on the Company's website, https://www.cengild.com/, with the intention of building a communication channel between the Company with the stakeholders:

(a) Financial information submitted to Bursa Securities

The Company has all its financial information submitted to Bursa Securities posted on the Company's website and stakeholders may access the information from its website.

(b) Investor section which provides relevant corporate information

The Company's website consists of an Investor section dedicated to provide corporate information to the stakeholders' such as general corporate information, directors' profile, and policies approved by the Board.

(c) General telephone number, fax number and email address

The general line number, fax number and general enquiry email address of the Company are provided for the stakeholders to send in any enquiries to the Company directly.

B. CONDUCT OF ANNUAL GENERAL MEETING ("AGM")

The Annual General Meeting ("**AGM**") of the Company serves as a principal forum for the Company and the shareholders to be informed on the Company's growth and to seek for shareholders' approval on resolutions.

The notice and agenda of the AGM together with the proxy form are given to the shareholders at least 28 days prior to the date of the AGM. This will give the shareholders sufficient time to consider the resolutions to be tabled at the AGM and make the necessary arrangement to attend in person and submit the proxy form to attend the AGM. The notice of AGM was also accompanied by explanatory notes which provide further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.

AUDIT COMMITTEE REPORT

The Board of Directors ("**Board**") of the Cengild Medical Berhad ("**Cengild Medical**" or "**the Company**") is pleased to present the Audit Committee ("**AC**") Report for the financial year ended 30 June 2022 ("**FYE 2022**").

AUDIT COMMITTEE COMPOSITION

The Audit Committee ("**AC**") comprises three (3) members, consist exclusively of Independent Non-Executive Directors. All of the Independent Non-Executive Directors satisfied the test of independence under the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The AC meets the requirements of Rule 15.09(1)(a) and (b) of the AMLR.

The present composition in the AC during the financial year under review and up to the date of this report are as follows:

Chairman: Mr. Kua Choo Kai (Appointed on 4 May 2021)
Members: Dr. Chong Su-Lin (Appointed on 4 May 2021)
Dr. Azrina Binti Abu Bakar (Appointed on 4 May 2021)

Currently, the AC does not have a member who was a former key audit partner of the Company. However, there is a policy in the TOR of the AC which states that any key audit partners is required to observe a cooling off period of at least three (3) years before being appointed as a member of the AC.

The Chairman of AC, Mr. Kua Choo Kai, is a member of the Malaysian Institute of Accountants ("**MIA**"). Hence, the Company complies with Rule 15.09(1)(c)(i) of the AMLR.

ROLE AND RESPONSIBILITIES

The role and responsibilities of the AC are as follows:

Financial Reporting

(a) Review the quarterly results and the year-end financial statements of the Group, before submission to the Board for approval, such as changes or implementation of major accounting policies, major judgemental areas and others;

(b) Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance; and

(c) Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.

External Auditors

(a) Consider and recommend to the Board on the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process;

(b) Review and report the re-appointment or resignation of external auditors to the Board;

(c) Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the Committee; and

(d) Review the audit plan, scope, nature, audit report, evaluation of the system of internal controls, assistance given by the employees to the external auditors, and external auditors' management letter and management's response to the Board.

AUDIT COMMITTEE REPORT
(cont'd)

Internal Audit

(a) review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(b) review the internal audit plan, programme, processes, and the reporting structure;

(c) review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;

(d) review the appraisal or assessment of the performance of the internal audit function on an annual basis; and

(e) review any special audit which the Committee deems necessary.

Related Party Transactions ("RPT") Recurrent RPT ("RRPT") and Conflict of Interest

(a) Monitor, review and report to the Board any RPT, RRPT and conflict of interest situation that may arise within the Company or Group, and any other transaction, procedures or course of conduct that raises question on management integrity as well as measures taken to mitigate such conflicts of interest;

(b) In reviewing any RPT or RRPT, the Committee shall review the terms thereof to determine whether such RPT or RRPT will be conducted at arm's length basis and on normal commercial terms in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public and will not prejudice the shareholders or disadvantage to the Group;

(c) Determining whether the arrangement for the employee consultants to perform consultations and treatments in other medical centre are satisfactory, essential and favourable to the Group and is not detrimental to the shareholders; and

(d) To conduct a review on the declaration and all relevant documents pertaining to the arrangement for the employee consultants of the Group to perform consultations and treatments in other medical centres are satisfactory, essential and favourable to the Group, and to recommend the same to the Board for approval.

Others

(a) Review all financial related reports/statements as required by the AMLR, for inclusion in the Annual Report;

(b) Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Group (if any);

(c) Obtain regular updates from the management regarding compliance matters;

(d) Review findings, queries or investigation by the regulatory agencies (if any);

(e) Review and report to the Board on the status of compliance of the undertakings* by the employee consultants to the Group;

(f) Review the adequacy and appropriateness of Anti-Bribery and Corruption Policy, and Whistleblowing Policy, when necessary; and

(g) Carry out any other functions that may be mutually agreed upon by the Committee and the Board.

Note: -

* Employee Consultants shall not practice at other medical centres:

(i) after three (3) years from the date the Company is listed on the ACE Market of Bursa Securities; or

(ii) on full commencement of operations at the expanded area of the Group's existing medical centre,

whichever is the earlier, unless written approval from the Company has been obtained and the following conditions are met:

(i) employee consultants only consult and treat patients at other medical centre where such patients have other illnesses that require the attention of other specialists not available at the Group's medical centre; and

(ii) employee consultants shall not practise at other medical centres more than two (2) clinic sessions a week.

AUDIT COMMITTEE REPORT
(cont'd)

MEETING ATTENDANCE

Name	Numbers of Meetings Attended	Held
Dr. Chong Su-Lin	2	2
Mr. Kua Choo Kai	2	2
Dr. Azrina Binti Abu Bakar	2	2

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR UNDER REVIEW

The main activities undertaken by the Audit Committee during the financial year are as follows:

(a) Obtained an understanding on the financial year end closing processes of the Group;

(b) Reviewed the quarterly financial statements and the final audited financial statements for the financial year ended 30 June 2022;

(c) Reviewed the Audit Planning Memorandum with the External Auditors;

(d) Reviewed the audit results report of the External Auditors;

(e) Reviewed the independence, objectivity and effectiveness of the External Auditors and the services they provided and their corresponding fees;

(f) Reviewed and recommended to the Board on the appointment of the outsourced internal auditors, as discussed under the Statement on Risk Management and Internal Control;

(g) Reviewed the related party transactions entered into by the Company and the disclosure of such transaction in the Annual Report of the Company;

(h) Conducted private session with the External Auditors in the absence of the Executive Directors and Management to ensure there were no restrictions in the scope of their audit and there were no other significant matters to bring to the attention of the Audit Committee;

(i) Reviewed the Corporate Governance Report, Audit Committee Report and Statement on Risk Management and Internal Control prior to submission to the Board for consideration and approval for inclusion in the Annual Report 2022; and

(j) Reviewed the declaration and relevent documents pertaining to the arrangement for the employee consultants to perform consultations and treatments in other medical centres to ensure that the arrangement is satisfactory, essential and favourable to the Group and not detrimental to the shareholders, and recommended to the Board for approval. As at the date of this report, the employee consultants are in compliance with the said undertakings as the Company was only listed on 18 April 2022 and the expansion of the Group's existing medical centre is yet to be in place.

The outsourced Internal Auditors have yet to start their internal audit work as they were only recently appointed. Nevertheless, the outsourced internal audit function has adopted a risk-based approach and prepared an internal audit plan based on risk profile of the Group for the financial year ending 30 June 2023. The internal audit plan has been reviewed and approved by the Audit Committee on 25 August 2022. The Internal Auditors have commenced audit fieldwork in September 2022 and shall present the Internal Audit Report to AC, tentatively on 24 November 2022. No internal audit cost was incurred during the financial year ended 30 June 2022.

The Audit Committee Report was approved by the Board of Directors on 6 October 2022.

RISK MANAGEMENT COMMITTEE REPORT

The Board of the Cengild Medical is pleased to present the Risk Management Committee ("**RMC**") Report for the financial year ended 30 June 2022 ("**FYE 2022**").

RISK MANAGEMENT COMMITTEE COMPOSITION

The Group Risk Management Committee ("**RMC**") comprises three (3) members, consist exclusively of Independent Non-Executive Directors.

The present composition in the RMC during the financial year under review and up to the date of this report is as follows:

Chairman: Dr. Chong Su-Lin (Appointed on 4 May 2021)
Members: Mr. Kua Choo Kai (Appointed on 4 May 2021)
Dr. Azrina Binti Abu Bakar (Appointed on 4 May 2021)

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the RMC are as follows:

(a) Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to management and the Board;

(b) Oversee the Group's overall risk management framework and policies;

(c) Review the risk management framework, policies and processes, which include identifying, managing, monitoring, treating and mitigating significant risks of the Group, and recommend for approval by the Board;

(d) Review and assess the risk appetite and risk tolerance for the Group;

(e) Review the regulatory and clinical compliance reports and any other reports within the purview of the Committee;

(f) Review the significant risks identified and assess the mitigating actions put in place to manage these risks;

(g) Review the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report, and recommend for approval by the Board;

(h) Ensure that the key risks are effectively managed in accordance with the Group's risk management policies and strategies;

(i) Review the adequacy of resources for managing the risk management framework;

(j) Review and deliberate reports on non-compliance findings by regulatory agencies; and

(k) Carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

MEETING ATTENDANCE

No RMC meeting was held during the financial year ended 30 June 2022 as the Company was listed recently on 18 April 2022.

RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR UNDER REVIEW

The Senior Manager of Total Quality Management and Clinical Support has been appointed to co-ordinate, facilitate and monitor the implementation of risk management activities across all operations within the Group. The main activities undertaken by the Risk Management team during the financial year are as follows:

1. Established and implemented Quality Management Plan for the hospital;

2. Established Hospital Incident Reporting and Document Control Standard Operating Procedure;

3. Undertook case review initiative whereby selected hospital incidents were reviewed by committee members to identify the root cause, re-visit the proposed corrective action and preventive actions. Relevant risk reduction strategies were recommended by TQM and committee members to prevent recurrence of incidents;

4. Revised Hospital Grievance policy;

5. Development of Performance Indicators based on Key Responsibility Area ("**KRA**") which is in line with Cengild Medical's directions. Tracking and monitoring of indicators were done on monthly basis;

6. Tracking, monitoring and evaluation of Cengild Balance Score Card that measures the aspects of infection control, operating theatre, patient safety, timeliness, documentation and regulatory;

7. Addresses the World Health Organization (WHO) Global Patient Safety Initiatives and Malaysian Patient Safety;

8. Provide the Biannual Statistical Incident Summary Incident Reporting Notification for Private Sector to Ministry of Health (MOH); and

9. Carried out ad-hoc assignments requested by Senior Management.

The Risk Management Committee Report was approved by the Board of Directors on 6 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**Board**") of Cengild Medical Berhad ("**Cengild Medical**" or "**the Company**") is pleased to present the Statement on Risk Management and Internal Control ("**Statement**") in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the relevant principles and practices of the Malaysian Code on Corporate Governance ("**MCCG 2021**") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This Statement outlines the nature and scope of risk management and internal control of Cengild Medical and its subsidiary (hereinafter referred to as "**the Group**") for the financial year ended 30 June 2022 ("**FYE 2022**") and up to the date of approval of this Statement for inclusion in the Annual Report.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system. The Board recognises that continuous review of the effectiveness, adequacy and integrity of the risk management framework and internal control system in a dynamic business environment is fundamental to governance framework and would ultimately better safeguard shareholder's investment and the Group's assets.

The Board's focus on effective risk oversight is crucial to setting the tone and culture for effective risk management and internal control. Hence, to discharge its oversight roles and responsibilities more effectively, the Board has authorised the Audit Committee and Risk Management Committee, to review the Company's risk management framework, policies and processes and staff responsibilities and assess whether they provide reasonable assurance that the principal risks can be mitigated with the implementation of appropriate internal controls and / or mitigation measures.

RISK MANAGEMENT FRAMEWORK

Risk management is an integral part of the business strategy and shall be embedded into day-to-day operations to both ensure patient safety and to achieve sustainable long-term growth and profitability. Effective risk management remains the responsibility and accountability of the entire Group.

The Board is supported by the Risk Management Committee ("**RMC**") to ensure that an appropriate risk reporting structure is established to facilitate reporting of risk to the management and the Board.

The key roles and responsibilities of the RMC are set out in the TOR, as follows:

i) Oversee the Group's overall risk management framework and policies;
ii) Review the risk management framework, policies and processes, which include identifying, managing, monitoring, treating and mitigating significant risks of the Group, and recommend for approval by the Board;
iii) Review and assess the risk appetite and risk tolerance for the Group;
iv) Review the regulatory and clinical compliance reports and any other reports within the purview of the RMC; and
v) Ensure that the key risks are effectively managed in accordance with the Group's risk management policies and strategies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

RISK MANAGEMENT FRAMEWORK (cont'd)

The Senior Manager of Total Quality Management and Clinical Support has been appointed to co-ordinate, facilitate and monitor the implementation of risk management activities across all operations within the Group. The Enterprise Risk Management ("ERM") Framework to be formalised by the Group encompasses the following risk management processes as depicted in the below diagram:

INTERNAL CONTROL SYSTEM

Internal control system is embedded into various day-to-day operational policies and procedures of business segments across the Group to ensure that the Group's business is being managed effectively and sustainably.

Key elements of the Group's internal control system include:

i) The Board of Directors and the respective Board Committees meet regularly to review business plans and business strategies, and the Group's performance from financial and operational perspectives;

ii) Expected integrity and ethical behaviours from the Directors and employees are incorporated in the Code of Conduct and Ethics. Ethical practices throughout the Group are further enhanced with the formalisation of Anti-Bribery and Corruption Policy and Whistleblowing Policy to prevent and better manage bribery risks and conflict of interest;

iii) Financial performance is measured against approved annual budgets and financial forecasts of the Group to identify significant variances for prompt actions to be taken;

iv) Formalisation of other high-level Policies such as Personal Data Protection Act Policy, Succession Plan Policy, Emergency Evacuation Policy;

v) A well-defined organisation structure with clear reporting line and appropriate segregation of duties and accountabilities;

vi) Establishment of Discretionary Authority Limits for clear delegation of authority limit that governs decision-making powers to act on behalf of the Group and limits to those power;

vii) Formalisation of Standard Operating Procedures ("**SOP**") on key functions and / or processes to ensure the uniformity, continuity and consistency of business process and practices within the Group;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

INTERNAL CONTROL SYSTEM (cont'd)

viii) Establishment of Compliance Monitoring Framework to ensure the Group conducts its business in compliance with the law, regulations; and

ix) Periodic management review meetings to discuss key operational and management issues.

INTERNAL AUDIT FUNCTION

The Board shall ensure and maintain independence of the risk and internal control environment in compliance with Rule 15.27(1) of ACE Market Listing Requirements of Bursa Securities. Therefore, the Group has appointed BTMHG as the outsourced internal auditors to assist both the Board and Audit Committee by conducting independent internal audit review on the adequacy, efficiency and effectiveness of the Group's internal control system. The Internal Auditors report directly to the Audit Committee and carry out internal audit work based on a risk-based annual internal audit plan reviewed and approved by the Audit Committee.

The Internal Auditors use the Committee of Sponsoring Organisation of the Treadway Commission - Internal Control ("**COSO – IC**") Integrated Framework as a basis for evaluating the effectiveness of the internal control system. The Internal Auditors also refer to the International Professional Practices Framework ("**IPPF**") during the audit reviews. The Internal Auditors shall highlight any key area of weakness in the risks and internal control management system of the Group to the Audit Committee and make recommendation on the remedial action to be taken to address the areas of weaknesses. The internal audit findings which include audit recommendations shall be highlighted for the reviews and recommendations of the Audit Committee for implementation. In addition, the Internal Auditors shall perform follow-up review on previously reported internal audit findings and provide an update to the Audit Committee on the status of implementation.

As the Company was listed on 18 April 2022, the Internal Auditors have yet to start the internal audit work for FYE 2022. Nevertheless, the outsourced internal audit function has adopted a risk-based approach and prepared an internal audit plan based on risk profile of the Group for the financial year ending 30 June 2023. The internal audit plan has been reviewed and approved by the Audit Committee on 25 August 2022. The Internal Auditors have commenced audit fieldwork in September 2022 and shall present the Internal Audit Report to AC, tentatively on 24 November 2022.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement on Risk Management and Internal Control has been reviewed by our external auditors in accordance with Rule 15.23 of ACE Market Listing Requirements of Bursa Securities for FYE 2022.

Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("**AAPG**") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required under Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practice 10.1 and Practice 10.2 of MCCG 2021, nor that this Statement is factually incorrect.

CONCLUSION

During the financial year under review up to the date of approval of this Statement for inclusion in the Annual Report, the Board remains committed to ensure that risk management is embedded in the Group's activities and the internal controls have been duly assessed throughout the period. There were no significant internal control deficiencies or weaknesses that have resulted in material losses or contingencies that would require separate disclosure in the Group's Annual Report. The Group's risk management and internal controls systems do not apply to the associate companies and joint ventures.

The Board has also received assurance from the CEO and Senior Finance Manager that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

This Statement has been tabled and approved by the Board on 6 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

During the financial year ended 30 June 2022 ("**FYE 2022**"), the amount for audit and non-audit fees payable by the Group were RM142,250 and RM126,000 respectively.

The non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company during the FYE 2022 were RM126,000. The non-audit fees were in relation to the service rendered for Reporting Accountant for the listing exercise, as well as the review of the Statement on Risk Management and Internal Control.

2. Material Contracts

During the FYE 2022, there was no material contract entered into by the Company or its subsidiaries involving Directors and major shareholders.

3. Material Contracts relating to Loans

During the FYE 2022, there was no material contract relating to loans entered into by the Company or its subsidiaries involving Directors and major shareholders.

4. Recurrent Related Parties Transactions of a Revenue or Trading Nature ("RRPTs")

The RRPTs of the Group have been entered into in the normal course of business.

The aggregate value of the RRPTs since date of listing from 18 April 2022 to 19 September 2022 are as follows:

Related Party	Relationship	Nature of transactions	RM
Dato' Dr. Tan Huck Joo	Interested Director and major shareholder	External Consultant Fee	1,121,347
Emeritus Professor Dato' Dr. Goh Khean Lee	Interested Director	External Consultant Fee	1,134
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	Interested Director	External Consultant Fee	631,659

The Company will seek shareholders' approval for the Proposed New Shareholders' Mandate for the RRPTs at the upcoming 2nd Annual General Meeting to be convened on 30 November 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements are properly Drawn up in accordance with the Malaysia Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of our Group and of our Company as at the end of the financial year and of the financial performance and cash flows for the financial year then ended.

In preparing these financial statements, the Board has considered the following:

(i) Applied appropriate accounting policies consistently;

(ii) Made judgements and estimations that were reasonable and prudent; and

(iii) Ensured compliance with applicable approved financial reporting standards in Malaysia and the financial statements were prepared on a going concern basis.

The Board is responsible for ensuring that our Group and our Company maintain proper and adequate accounting records which disclose the financial position of our Group and of our Company with reasonable accuracy to ensure compliance with the provisions of the Companies Act 2016.

The Board is also responsible to take reasonable steps to safeguard the assets of our Group and of our Company to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

The Company was incorporated in Malaysia on 3 February 2021 under the Companies Act 2016.

On 2 July 2021, the Company was converted from a private limited liability company to a public company limited by shares and assumed its present name of Cengild Medical Berhad.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	9,391,045	(1,569,875)

DIVIDENDS

On 25 August 2022, the Company declared an interim single-tier dividend of 0.37 sen per ordinary share amounting to RM3,029,560 in respect of the current financial year, paid on 27 September 2022, to shareholders whose names appeared in the record of depositors on 12 September 2022. The financial statements for the current financial year do not reflect this interim single-tier dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2023.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM12,240,001 to RM84,444,001 by way of issuance of 218,800,000 new ordinary shares at an issue price of RM0.33 per ordinary share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM72,204,000. The listing expenses arising from the issuance of new ordinary shares amounting to RM2,511,440 were offset against share capital.

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

(b) there were no issues of debentures by the Company.

DIRECTORS' REPORT
(cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Long Term Incentive Plan below.

LONG TERM INCENTIVE PLAN

The Long Term Incentive Plan of the Company ("LTIP") is governed by the LTIP By-Laws and was approved by shareholders on 15 April 2022. The LTIP is to be in force for a period of 5 years effective from 15 April 2022.

The details of the LTIP are disclosed in Note 19(b) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT
(cont'd)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Dr. Tan Huck Joo
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi
Emeritus Professor Dato' Dr. Goh Khean Lee
Dr. Azrina Bin Abu Bakar
Dr. Chong Su-Lin
Kua Choo Kai

The name of a director of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, is as follows:-

Low Seng Hooi (Resigned on 5 October 2021)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares or debentures of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.7.2021	Bought	Sold	At 30.6.2022
The Company				
Direct interests				
Dato' Dr. Tan Huck Joo	134,728,570	-	-	134,728,570
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	55,627,438	700,000	-	56,327,438
Emeritus Professor Dato' Dr. Goh Khean Lee	58,383,121	1,800,000	-	60,183,121
Dr. Azrina Bin Abu Bakar	-	200,000	-	200,000
Dr. Chong Su-Lin	-	100,000	-	100,000

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS (cont'd)

	Number of Options under LTIP			
	At 1.7.2021	Granted	Exercised	At 30.6.2022
The Company				
Direct interests				
Dato' Dr. Tan Huck Joo	-	6,224,400	-	6,224,400
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	-	2,445,300	-	2,445,300
Emeritus Professor Dato' Dr. Goh Khean Lee	-	2,889,900	-	2,889,900

The other director holding office at the end of the financial year had no interest in shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with directors as disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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 other than the share option granted to certain directors pursuant to the LTIP of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	135,000	135,000
Salaries, bonuses and other benefits	7,099,241	20,800
Defined contribution benefits	649,608	-
LTIP expenses	43,323	-
	7,927,172	155,800

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

DIRECTORS' REPORT
(cont'd)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	142,250	80,000
Non-audit fees	126,000	126,000
	268,250	206,000
Less: the fees offset against share capital	(103,200)	(103,200)
	165,050	102,800

Signed in accordance with a resolution of the directors dated 6 October 2022.

Dato' Dr. Tan Huck Joo

Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi

STATEMENT BY DIRECTORS

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

We, Dato' Dr. Tan Huck Joo and Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi, being two of the directors of Cengild Medical Berhad, state that, in the opinion of the directors, the financial statements set out on pages 72 to 121 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 June 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 6 October 2022

Dato' Dr. Tan Huck Joo

Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi

STATUTORY DECLARATION

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

I, Cheah Wen Lih, (MIA Membership Number: 23700) being the officer primarily responsible for the financial management of Cengild Medical Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Cheah Wen Lih, NRIC Number: 700709-08-6006
at Kuala Lumpur
in the Federal Territory
on this 6 October 2022

Cheah Wen Lih

Before me

6 October 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Cengild Medical Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cengild Medical Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2022, 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 ended 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 121.

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 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Revenue Recognition Refer to Note 5.20 and Note 26 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group's revenue is derived from the provision of medical management and consultant services. The Group generally recognises revenue when the medical services are provided and controls of the medicine and others are transferred to the customers. We identified the recognition of revenue, specifically on revenue recognised during the period end as a key audit matter due to risk that revenue maybe overstated in achieving performance targets as revenue recognition has a direct impact on the results of the Group. For the financial year ended 30 June 2022, the Group recorded revenue of approximately RM64.4 million.	Our audit procedures, among others, included the following:- • Ascertained compliance with MFRS 15 - Revenue from Contracts with Customers; • Performed test of details on the occurrence and accuracy of the revenue recorded, based amongst others on inspection on the issuance of billings, and/or posting to the relevant ledger accounts; • Tested completeness of revenue by tracing samples of billings and/or posting during the financial year and billings and/or posting subsequent to the year to the relevant ledger accounts; and • Assessed the risk of management override of controls mainly through the review of journal entries testing.

INDEPENDENT AUDITORS' REPORT

To the Members of Cengild Medical Berhad
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Cengild Medical Berhad
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 6 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Choong Kok Keong
03461/11/2023 J
Chartered Accountant

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	12,327,698	12,240,000
Investment in associates	7	300	500	-	-
Investment in a joint venture	8	-	-	-	-
Plant and equipment	9	13,406,091	15,972,767	-	-
Right-of-use assets	10	10,943,374	17,350,080	-	-
Deferred tax assets	11	1,450,000	-	-	-
		25,799,765	33,323,347	12,327,698	12,240,000
CURRENT ASSETS					
Inventories	12	1,152,509	944,097	-	-
Trade receivables	13	4,783,123	4,495,965	-	-
Other receivables, deposits and prepayments	14	1,419,158	815,794	390,764	500
Fixed deposits with licensed banks	15	80,559,435	5,750,000	70,404,165	-
Cash and bank balances	16	5,830,479	648,191	5,725,273	-
		93,744,704	12,654,047	76,520,202	500
TOTAL ASSETS		119,544,469	45,977,394	88,847,900	12,240,500
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	81,932,561	12,240,001	81,932,561	12,240,001
Invested capital	18	-	-	-	-
Reserves	19	1,618,148	1,530,450	87,698	-
Retained profits/(Accumulated losses)		9,399,326	8,281	(2,371,473)	(801,598)
TOTAL EQUITY		92,950,035	13,778,732	79,648,786	11,438,403

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022
(cont'd)

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
EQUITY AND LIABILITIES (cont'd)					
NON-CURRENT LIABILITY					
Lease liabilities	20	14,933,177	21,247,481	-	-
CURRENT LIABILITIES					
Trade payables	21	3,517,802	5,301,319	-	-
Other payables and accruals	22	6,387,452	2,219,176	314,165	24,500
Amount owing to a subsidiary	23	-	-	8,702,149	750,297
Amount owing to directors	24	155,800	27,300	155,800	27,300
Lease liabilities	20	1,272,529	914,099	-	-
Term loan	25	-	2,018,063	-	-
Current tax liabilities		327,674	471,224	27,000	-
		11,661,257	10,951,181	9,199,114	802,097
TOTAL LIABILITIES		26,594,434	32,198,662	9,199,114	802,097
TOTAL EQUITY AND LIABILITIES		119,544,469	45,977,394	88,847,900	12,240,500

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2022

		The Group		The Company	
		2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	Note	RM	RM	RM	RM
REVENUE	26	64,442,372	63,469,960	-	-
COST OF SALES		(38,391,320)	(36,791,463)	-	-
GROSS PROFIT		26,051,052	26,678,497	-	-
OTHER INCOME		1,394,875	224,320	294,530	-
		27,445,927	26,902,817	294,530	-
ADMINISTRATIVE EXPENSES		(14,480,877)	(12,211,400)	(1,756,366)	(801,598)
OTHER EXPENSES		(5,084)	-	-	-
FINANCE COSTS		(846,355)	(1,222,064)	(39)	-
		12,113,611	13,469,353	(1,461,875)	(801,598)
SHARE OF LOSS OF EQUITY ACCOUNTED JOINT VENTURE		-	(300)	-	-
PROFIT/(LOSS) BEFORE TAXATION	27	12,113,611	13,469,053	(1,461,875)	(801,598)
INCOME TAX EXPENSES	28	(2,722,566)	(3,464,529)	(108,000)	-
PROFIT/(LOSS) AFTER TAXATION		9,391,045	10,004,524	(1,569,875)	(801,598)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR/ PERIOD		9,391,045	10,004,524	(1,569,875)	(801,598)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		9,391,045	10,004,524	(1,569,875)	(801,598)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR/PERIOD ATTRIBUTABLE TO:-					
Owners of the Company		9,391,045	10,004,524	(1,569,875)	(801,598)
Earnings per share (sen)					
Basic	29	1.46	1.67		
Diluted	29	1.46	1.67		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 30 June 2022

		← Non-Distributable			→	Distributable	
	Note	Share Capital RM	Invested Capital RM	Reorganisation Reserve RM	Long Term Incentive Plan Reserve RM	(Accumulated Losses)/ Retained Profit RM	Total RM
The Group							
Balance as at 1.7.2020		-	12,500,000	-	-	(2,711,607)	9,788,393
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	10,004,524	10,004,524
Contribution and distributions to owners of the Company:							
- Incorporation of the Company	17	1	-	-	-	-	1
- Issuance of shares by a subsidiary	18	-	1,270,450	-	-	-	1,270,450
- Issuance of shares for the acquisition of a subsidiary	17	12,240,000	-	-	-	-	12,240,000
- Dividends	31	-	-	-	-	(7,284,636)	(7,284,636)
- Adjustment on the acquisition of a subsidiary	18	-	(13,770,450)	1,530,450	-	-	(12,240,000)
Total transactions with owners		12,240,001	(12,500,000)	1,530,450	-	(7,284,636)	(6,014,185)
Balance as at 30.6.2021/1.7.2021		12,240,001	-	1,530,450	-	8,281	13,778,732
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	9,391,045	9,391,045
Contribution and distributions to owners of the Company:					-		
- Issuance of shares	17	72,204,000	-	-		-	72,204,000
- Share issuance expenses	17	(2,511,440)	-	-	-	-	(2,511,440)
- Share option to executives	19	-	-	-	87,698	-	87,698
Total transactions with owners		69,692,560	-	-	87,698	-	69,780,258
Balance as at 30.6.2022		81,932,561	-	1,530,450	87,698	9,399,326	92,950,035

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2022

(cont'd)

	Note	Share Capital RM	Long Term Incentive Plan Reserve RM	Accumulated Losses RM	Total RM
The Company					
Balance as at 3.2.2022 (Date of incorporation)		1	-	-	1
Loss after taxation/Total comprehensive expenses for the financial period		-	-	(801,598)	(801,598)
Contribution by owners of the Company:					
- Issuance of shares for the acquisition of a subsidiary	17	12,240,000	-	-	12,240,000
Balance as at 30.6.2021/1.7.2021		12,240,001	-	(801,598)	11,438,403
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(1,569,875)	(1,569,875)
Contribution and distributions to owners of the Company:					
- Issuance of shares	17	72,204,000	-	-	72,204,000
- Share issuance expenses	17	(2,511,440)	-	-	(2,511,440)
- Share option to executives	19	-	87,698	-	87,698
Total transactions with owners		69,692,560	87,698	-	69,780,258
Balance as at 30.6.2022		81,932,561	87,698	(2,371,473)	79,648,786

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022

	The Group		The Company	
	2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	12,113,611	13,469,053	(1,461,875)	(801,598)
Adjustments for:-				
Bad debt written off	374	-	-	-
Depreciation of plant and equipment	2,994,345	3,095,224	-	-
Depreciation of right-of-use assets	1,414,053	1,764,414	-	-
Impairment of goodwill	4,710	-	-	-
Interest expense	16,764	206,613	39	-
Interest expense on lease liabilities	829,591	1,015,451	-	-
Share of loss of equity accounted joint venture	-	300	-	-
Share options to executives	87,698	-	-	-
Interest income	(497,252)	(60,941)	(294,530)	-
Operating profit/(loss) before working capital changes	16,963,894	19,490,114	(1,756,366)	(801,598)
Increase in inventories	(208,412)	(170,278)	-	-
Increase in trade and other receivables	(890,896)	(1,192,602)	(390,264)	(500)
Increase in trade and other payables	2,378,296	818,875	289,665	24,500
Decrease in amount owing to former holding company	-	(1,100,000)	-	-
Increase in amount owing to a subsidiary	-	-	7,951,852	750,297
Increase in amount owing to directors	128,500	27,300	128,500	27,300
CASH FLOWS FROM/(FOR) OPERATIONS	18,371,382	17,873,409	6,223,387	(1)
Tax paid	(4,316,116)	(3,574,380)	(81,000)	-
Interest paid	(788)	(1,215)	(39)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	14,054,478	14,297,814	6,142,348	(1)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022

(cont'd)

		The Group		The Company	
		2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	Note	RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of associates		-	(500)	-	-
Acquisition of a subsidiary, net of cash and cash equivalent acquired	30	1,953	-	-	-
Investment in a joint venture		-	(300)	-	-
Placement of fixed deposits with tenure more than 3 months		(48,000,000)	(2,000,000)	(47,300,000)	-
Interest received		497,252	60,941	294,530	-
Purchase of plant and equipment	32(a)	(427,669)	(1,698,116)	-	-
NET CASH FOR INVESTING ACTIVITIES		(47,928,464)	(3,637,975)	(47,005,470)	-
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid	31	-	(7,284,636)	-	-
Interest paid	32(b)	(845,567)	(1,220,849)	-	-
Proceeds from issuance of ordinary shares of a subsidiary		-	1,270,450	-	-
Process from issuance of ordinary shares		72,204,000	-	72,204,000	-
Payment of shares issuance expenses		(2,511,440)	-	(2,511,440)	-
Repayment of lease liabilities	32(b)	(963,221)	(740,773)	-	-
Repayment of term loan	32(b)	(2,018,063)	(4,000,000)	-	-
Withdrawal of pledged fixed deposits		166,166	10	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		66,031,875	(11,975,798)	69,692,560	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		32,157,889	(1,315,959)	28,829,438	(1)
CASH AND CASH EQUIVALENTS AT DATE OF INCORPORATION/AT BEGINNING OF FINANCIAL YEAR		4,232,025	5,547,984	-	1
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(c)	36,389,914	4,232,025	28,829,438	-

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	: Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur.
Principal place of business	: Unit 2-3 & 2-4, Level 2, Nexus @ Bangsar South, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 October 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

The Company was incorporated in Malaysia on 3 February 2021 under the Companies Act 2016.

On 2 July 2021, the Company was converted from a private limited liability company to a public company limited by shares and assumed its present name of Cengild Medical Berhad.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

4. BASIS OF PREPARATION (cont'd)

4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
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 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
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of plant and equipment as at the reporting date is disclosed in Note 9 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(b) Impairment of Investment in Subsidiaries, Investment in Associates, Investment in a Joint Venture, Plant and Equipment and Right-of-use Assets

The Group determines whether its investment in subsidiaries, investment in associates, investment in a joint venture, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investment in subsidiaries, investment in associates, investment in a joint venture, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 6, Note 7, Note 8, Note 9 and Note 10 to the financial statements.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 12 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 13 to the financial statements.

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade receivables are based on assumptions about risk of default (probability of default) and expected loss rates if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 14 to the financial statements.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities of the Group and of the Company as at the reporting date is RM327,674 and RM27,000 (2021 - RM471,224 and Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(g) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 11 to the financial statements.

(h) Discount Rates 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.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.2 BASIS OF CONSOLIDATION (cont'd)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Entities under Common Control

Acquisition of entity under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:-

(i) the results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;

(ii) the Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and

(iii) no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reorganisation reserve or deficit.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.2 BASIS OF CONSOLIDATION (cont'd)

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment loses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associates and joint venture.

5.4 FUNCTIONAL AND PRESENTATION CURRENCIES

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets (cont'd)

Debt Instruments (cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.5 FINANCIAL INSTRUMENTS (cont'd)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to the end of reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.7 INVESTMENTS IN ASSOCIATES (cont'd)

When the Group ceases to have significant influence over an associate the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

5.8 JOINT ARRANGEMENT

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to the end of reporting year. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statements of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.9 PLANT AND EQUIPMENT

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer equipment	33.33%
Furniture and fittings	12.5%
Electrical equipment	20%
Medical equipment	20%
Office equipment	20%
Renovation	5%

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.10 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 LEASES (cont'd)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined over the lease period.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

5.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

5.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.13 IMPAIRMENT (cont'd)

(a) Impairment of Financial Assets (cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to long term incentive plan reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.14 EMPLOYEE BENEFITS (cont'd)

(c) Share-based Payment Transactions (cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the long term incentive plan reserve.

Upon expiry of the share option, the long term incentive plan reserve is transferred to retained profits.

When the share options are exercised, the long term incentive plan reserve is transferred to share capital if new ordinary shares are issued.

5.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets recognised are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.16 OPERATING SEGMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive ordinary shares, which comprise share options granted to employees.

5.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer if fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022

(cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

(a) Consultant services

Consultant services represent consultation and treatment services provided to patients. Consultant services are recognised at a point in time when a service is rendered.

(b) Medical management services

Medical management services generally relate to contracts with patients in which performance obligations are to provide nursing and clinical support services. The performance obligations for inpatient services are generally satisfied over a short period, and revenue from inpatients is recorded when the healthcare services is performed. The performance obligations for outpatient and day care services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. There are no variable considerations, and no obligation for returns or refunds or warranties for healthcare-related services.

(c) Others

Others represent contribution by certain resident consultants whereby a fixed percentage of the consultation and treatment fees earned by them in other medical centre is contributed to the Group. Other services are recognised at a point in time on a monthly basis when the medical consultants received their income from other medical centres.

5.21 OTHER OPERATING INCOME

(a) Interest income

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

(b) Management fee

Management fees charged to a joint venture for the provision of management and administrative services. Management fee is recognised on monthly basis.

(c) External consultancy fee

External consultancy fee represents a portion of consultation and treatment fees earned by employee consultant in others medical centre to be contributed to the Group. External consultancy fee is recognised when the employee consultants received their income from other medical centres.

6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2022	2021
	RM	RM
At 1 July	12,240,000	-
Acquisition during the financial year	-	12,240,000
Share options granted to executives of a subsidiary	87,698	-
At 30 June	12,327,698	12,240,000

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal activities
		2022	2021	
		%	%	
Subsidiary of the Company				
Cengild Sdn. Bhd. ("Cengild")	Malaysia	100	100	Business of healthcare specialising in the diagnosis and treatment of gastrointestinal, liver disease and morbid obesity.
Subsidiary of Cengild				
Galen Primer Sdn. Bhd. ("GPSB") ^	Malaysia	100	-	Activities of holding companies; specialised medical services; and to set up a specialist medical practice to provide consultancy on the medical treatment that deals with the diagnosis and treatment of cancer. Currently, GPSB is dormant.

^ *The subsidiary was audited by other firm of chartered accountants.*

During the current financial year, Cengild acquired an additional 80% equity interests in GPSB from its non-controlling interests for a total consideration of RM800. Following the completion of the acquisition, GPSB became a wholly-owned subsidiary of the Cengild. The details of the acquisition are disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

7. INVESTMENTS IN ASSOCIATES

	The Group	
	2022 RM	2021 RM
Unquoted shares, at cost	300	500

The details of the associates are as follows:-

Name of Associates	Principal Place of Business/ Country of Incorporation	Percentage of Ownership 2022 %	Percentage of Ownership 2021 %	Principal Activities
UNCKL Sdn. Bhd. ("UNCKL") ^	Malaysia	30	30	Activities of holding companies; specialised medical services; and to set up a specialist medical practice to provide consultancy on the medical treatment relating to the function and disorders of urinary system. Currently, UNCKL is dormant.
Galen Primer Sdn. Bhd. ("GPSB") ^	Malaysia	-	20	Activities of holding companies; specialised medical services; and to set up a specialist medical practice to provide consultancy on the medical treatment that deals with the diagnosis and treatment of cancer. Currently, GPSB is dormant.

^ *These associates were audited by other firm of chartered accountants.*

(a) On 18 December 2020, Cengild subscribed 300 new ordinary shares of RM1 each in UNCKL for a total consideration of RM300 representing 30% of the entire issued and paid-up capital of UNCKL.

(b) On 8 January 2021, Cengild subscribed 200 new ordinary shares of RM1 each in GPSB for a total consideration of RM200 representing 20% of the entire issued and paid-up capital of GPSB.

(c) On 8 October 2021, Cengild acquired an additional 80% equity interests in GPSB from its non-controlling interests for a total consideration of RM800. Following the completion of the acquisition, GPSB became a wholly-owned subsidiary of the Company.

(d) The share of results in associates and financial information are not presented as the financial statements of the associates are immaterial to the Group.

8. INVESTMENT IN A JOINT VENTURE

	The Group	
	2022	2021
	RM	RM
Unquoted shares, at cost	300	300
Share of post-acquisition loss	(300)	(300)
	-	-

The detail of the joint venture is as follows:-

Name of Joint Venture	Principal Place of Business/ Country of Incorporation	Percentage of Ownership		Principal Activity
		2022	2021	
		%	%	
Cardiac Care Centre Sdn. Bhd. ("CCCSB")	Malaysia	30	30	Activities of holding companies; specialised medical services; and to set up a specialist medical practice and to provide consultancy on the medical treatment in treating heart-related disorder and issues.

The joint venture was audited by other firms of chartered accountants.

(a) On 9 August 2020, Cengild subscribed 300 new ordinary shares of RM1 each in CCCSB for a total consideration of RM300 representing 30% of the entire issued and paid-up capital of CCCSB.

(b) The Group's involvement in joint arrangement is structured through a separate vehicle which provides the Group the rights to the net assets of the entity. Accordingly, the Group has classified this investment as joint venture.

(c) Although the Group holds less than 50% of the voting power in CCCSB, the Group has determined that the strategic and financial decisions of the relevant activities of the investee require unanimous consent by all shareholders.

(d) The Group has not recognised further loss of CCCSB, where its share of loss exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised loss at the end of the reporting period was RM6,315 (2021: RM6,612).

Summarised financial information has not been presented as the joint venture is not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

9. PLANT AND EQUIPMENT

	Capital work-in-progress RM	Computer equipment RM	Furniture and fittings RM	Electrical equipment RM	Medical equipment RM	Office equipment RM	Renovation RM	Total RM
The Group								
Carrying amount as at								
1 July 2020	10,250	379,831	284,395	56,874	4,245,927	2,300	12,390,298	17,369,875
Additions	-	60,756	15,507	16,150	1,595,702	-	10,001	1,698,116
Reclassification	(10,250)	-	-	10,250	-	-	-	-
Depreciation charges	-	(299,956)	(55,607)	(24,932)	(1,994,694)	(1,150)	(718,885)	(3,095,224)
Carrying amount as at 30 June 2021/1 July 2021	-	140,631	244,295	58,342	3,846,935	1,150	11,681,414	15,972,767
Additions	178,600	30,183	19,306	4,500	166,057	5,023	24,000	427,669
Depreciation charges	-	(108,392)	(57,355)	(25,759)	(2,081,152)	(2,068)	(719,619)	(2,994,345)
Carrying amount as at 30 June 2022	178,600	62,422	206,246	37,083	1,931,840	4,105	10,985,795	13,406,091
As at 30 June 2021								
At cost	-	1,253,851	453,483	128,084	10,352,184	5,751	14,384,377	26,577,730
Accumulated depreciation	-	(1,113,220)	(209,188)	(69,742)	(6,505,249)	(4,601)	(2,702,963)	(10,604,963)
Carrying amount	-	140,631	244,295	58,342	3,846,935	1,150	11,681,414	15,972,767
As at 30 June 2022								
At cost	178,600	1,284,034	472,789	132,584	10,518,241	10,774	14,408,377	27,005,399
Accumulated depreciation	-	(1,221,612)	(266,543)	(95,501)	(8,586,401)	(6,669)	(3,422,582)	(13,599,308)
Carrying amount	178,600	62,422	206,246	37,083	1,931,840	4,105	10,985,795	13,406,091

10. RIGHT-OF-USE ASSETS

	As at 1.7.2021 RM	Depreciation Charge RM	Modification of Charge RM	As at 30.6.2022 RM
The Group				
2022				
Carrying amount				
Premises	17,350,080	(1,414,053)	(4,992,653)	10,943,374

	As at 1.7.2020 RM	Depreciation Charge RM	As at 30.6.2021 RM
The Group			
2021			
Carrying amount			
Premises	19,114,494	(1,764,414)	17,350,080

	2022 RM	2021 RM
The Group		
At cost	19,415,083	24,407,736
Accumulated depreciation	(8,471,709)	(7,057,656)
Carrying amount	10,943,374	17,350,080

The Group has leased premises that run 3 years, with an option to renew the lease for a further of 12 years. Lease payments are increased every 3 years at the revised rent rate to be based on the prevailing market rate.

11. DEFERRED TAX ASSETS

	At 1.7.2021 RM	Recognised in Profit or Loss RM	At 30.6.2022 RM
The Group			
2022			
Right-of-use assets	-	1,258,000	1,258,000
Provision	-	192,000	192,000
	-	1,450,000	1,450,000

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

12. INVENTORIES

	The Group	
	2022	2021
	RM	RM
Medical supplies and consumable goods	1,152,509	944,097
Recognised in profit or loss:-		
Inventories recognised as cost of sales	6,370,470	5,927,854

13. TRADE RECEIVABLES

The Group's normal trade terms range from 15 to 60 (2021 - 15 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other receivables:				
- external parties	275,310	14,837	209,842	-
- associates	162	12,070	-	-
- a joint venture	55,939	68,282	-	-
	331,411	95,189	209,842	-
Deposits	682,813	595,394	1,500	500
Prepayments	404,934	125,211	179,422	-
	1,419,158	815,794	390,764	500

The amount owing by associates and a joint venture are unsecured, interest-free and repayable on demand. The amounts are to be settled in cash.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.60% to 2.55% (2021 - 1.30% to 2.15%) per annum and 2.25% to 2.55% (2021 - Nil) per annum respectively. The fixed deposits have maturity periods ranging from 13 to 186 (2021 - 9 to 275) days and 92 to 186 (2021 - Nil) days for the Group and the Company respectively.

16. CASH AND BANK BALANCES

In the previous financial year, included in the cash and bank balances of the Group was an amount of RM166,166 pledged as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

17. SHARE CAPITAL

	The Group/The Company			
	2022		2021	
	Number of Shares	RM	Number of Shares	RM
Issued and Fully Paid-up:				
Ordinary shares				
At 1 July/3 February 2021 (Date of incorporation)	600,000,000	12,240,001	1	1
Issuance of new shares:				
- acquisition of a subsidiary	-	-	599,999,999	12,240,000
- public issue	218,800,000	72,204,000	-	-
Shares issuance expenses	-	(2,511,440)	-	-
At 30 June	818,800,000	81,932,561	600,000,000	12,240,001

(a) The holders of ordinary shares are entitled to receive dividend as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) During the current financial year, the Company increased its issued and paid-up share capital from RM12,240,001 to RM84,444,001 by way of issuance of 218,800,000 new ordinary shares at an issue price of RM0.33 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM72,204,000. The listing expenses arising from the issuance of new ordinary shares amounting to RM2,511,440 were offset against share capital and the remaining listing expenses of RM1,274,234 (2021 - RM711,238) was expensed off to profit or loss.

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

(c) In the previous financial period, the Company increased its issued and paid-up share capital from RM1 to approximately RM12,240,001 by way of issuance of 599,999,999 new ordinary shares for a total consideration of approximately RM12,240,000 as full payment for the acquisition of the entire issued and paid-up share capital of Cengild Sdn. Bhd.

The new ordinary shares issued rank equally in all respect with the existing ordinary shares of the Company.

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For the Financial Year Ended 30 June 2022
(cont'd)

18. INVESTED CAPITAL

	The Group 2021 Number of Shares	The Group 2021 RM
Issued and Fully Paid-up:		
Ordinary shares		
At 1 July	12,500,000	12,500,000
Issuance of shares for cash	802,367	1,270,450
Adjustment on the acquisition of a subsidiary	(13,302,367)	(13,770,450)
At 30 June	-	-

(a) The holders of ordinary shares were entitled to receive dividend as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) In the previous financial period, Cengild increased its issued and paid-up share capital from RM12,500,000 to RM13,770,450 by way of issuance of new ordinary shares as follows:-

Date of allotment	Number of ordinary shares	Issue price RM	Cash consideration RM
1 Sep 2020	150,000	1.20	180,000
10 Sep 2020	100,000	1.20	120,000
8 Oct 2020	100,000	1.20	120,000
30 Dec 2020	452,367	1.88	850,450
	802,367		1,270,450

The new ordinary shares issued rank equally in all respect with the existing ordinary shares of Cengild.

(c) Invested capital comprised the share capital of the Company. The amount has been reversed against the reorganisation reserves as disclosed in Note 19(a) to the financial statements.

19. RESERVES

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Reorganisation reserves	(a)	1,530,450	1,530,450	-	-
Long Term Incentive Plan reserve	(b)	87,698	-	87,698	-
		1,618,148	1,530,450	87,698	-

19. RESERVES (cont'd)

(a) Reorganisation Reserves

The reorganisation reserves arise from the difference between the carrying value of the investment and the nominal value of shares of a direct subsidiary upon consolidation under the pooling-of-interests method of accounting.

(b) Long Term Incentive Plan Reserve

The long term incentive plan reserve represents the equity-settled share options granted to executives. The reserve is made up of the cumulative value of services received from executives recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Long Term Incentive Plan of the Company ("LTIP") is governed by the LTIP By-Laws and was approved by shareholders on 15 April 2022. The LTIP is to be in force for a period of 5 years effective from 15 April 2022.

The main features of the LTIP are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group;

(ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 10%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the LTIP;

(iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%;

(iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the LTIP; and

(v) All new ordinary shares issued upon exercise of the options granted under the LTIP will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

The option prices and the details in the movement of the options granted are as follows:-

			←— Number of Options over Ordinary Shares —→		
Date of Offer	**Exercise Price**	**Remaining Contractual Life of Options**	**At 1 July 2021**	**Granted**	**At 30 June 2022**
15 April 2022	RM0.33	4.80 Years	-	23,400,000	23,400,000

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

During the financial year, the Company has granted 23,400,000 (2021 - Nil) share options under the LTIP. These options expire on 14 April 2037.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

19. RESERVES (cont'd)

(b) Long Term Incentive Plan Reserve (cont'd)

The fair values of the share options granted were estimated using a black-scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	The Group/ The Company 2022
Fair value of share options (RM)	
- First tranche, which vests on 18 April 2023	0.06
- Second tranche, which vests on 18 April 2024	0.06
- Third tranche, which vests on 18 April 2025	0.04
- Fourth tranche, which vests on 18 April 2026	0.03
Weighted average ordinary share price (RM)	0.42
Exercise price of share option (RM)	0.33
Expected volatility (%)	20.00
Expected life (years)	4.80
Risk free rate (%)	3.57
Expected dividend yield (%)	1.00

20. LEASE LIABILITIES

	The Group	
	2022 RM	2021 RM
At 1 July	22,161,580	22,902,353
Interest expense recognised in profit or loss	829,591	1,015,451
Changes due to lease modification	(4,992,653)	-
Repayment of principal	(963,221)	(740,773)
Repayment of interest expense	(829,591)	(1,015,451)
At 30 June	16,205,706	22,161,580
Analysed by:-		
Current liabilities	1,272,529	914,099
Non-current liabilities	14,933,177	21,247,481
	16,205,706	22,161,580

The lease terms is 8.8 years (2021 - 9.8 years) and bear effective interest rates at 4.50% (2021 - 4.50%) per annum.

21. TRADE PAYABLES

	The Group	
	2022	2021
	RM	RM
Trade payables:		
- consultant payables	1,194,400	3,114,472
- other payables	2,323,402	2,186,847
	3,517,802	5,301,319

(a) The normal trade terms granted to the Group is 30 to 60 (2021 - 30 to 60) days.

(b) Included in trade payables is an amount of RM4,565 (2021 - RM983,813) owing to the directors of the Company. The amount is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other payables	2,668,033	109,214	153,164	-
Deposit from customers	402,350	432,343	-	-
Accruals	3,317,069	1,677,619	161,001	24,500
	6,387,452	2,219,176	314,165	24,500

23. AMOUNT OWING TO A SUBSIDIARY

The amount owing to a subsidiary which is non-trade in nature, is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

24. AMOUNT OWING TO DIRECTORS

The amount owing to directors which is non-trade in nature, is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

25. TERM LOAN

	The Group 2021 RM
Current liability:-	
Term loan	2,018,063

(a) The effective interest rates of the borrowings are as follow:-

	The Group 2021 %
Term loan	4.50

(b) The banking facility was secured by:

(i) fixed and floating charge over the present and future assets of the Group;
(ii) shareholders of the former immediate corporate shareholders of a subsidiary and former holding company;
(iii) corporate guarantee from former corporate shareholder and former holding company; and
(iv) debts service reserve account and operating account of the Group as disclosed in Note 16 to the financial statements.

26. REVENUE

	The Group	
	2022 RM	2021 RM
Revenue from Contract with Customers		
Recognised at point in time:		
Medical management services	40,124,789	38,933,493
Consultant services	24,117,339	23,401,010
Others	200,244	1,135,457
	64,442,372	63,469,960

The revenue is derived solely from local sales.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

27. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:-				
- audit fees				
- current financial year	82,250	60,000	20,000	20,000
- underprovision in previous financial year	-	3,740	-	-
- non-audit-fees	82,800	176,000	82,800	176,000
Directors' remuneration (Note 33(a))	7,927,172	27,300	155,800	27,300
Material Expenses/(Income)				
Bad debts written off	374	-	-	-
Depreciation:				
- plant and equipment	2,994,345	3,095,224	-	-
- right-of-use assets	1,414,053	1,764,414	-	-
Impairment of goodwill	4,710	-	-	-
Interest expense on lease liabilities	829,591	1,015,451	-	-
Listing expenses	1,274,234	711,238	1,274,234	711,238
Staff costs (including other key management personnel as disclosed in Note 33(b)):				
- short-term employee benefits	13,692,305	5,771,035	-	-
- defined contribution benefits	1,611,705	551,204	-	-
- LTIP expenses	44,375	-	-	-
Interest expense on financial liabilities that are not fair value through profit or loss:				
- term loan	15,976	205,398	-	-
- others	788	1,215	39	-
COVID-19 related subsidies from government	-	(151,800)	-	-
Total interest income on financial assets measured at amortised cost	(497,252)	(60,941)	(294,530)	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

28. INCOME TAX EXPENSE

	The Group		The Company	
	2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	RM	RM	RM	RM
Current tax expense:				
- for the current financial year	3,716,000	3,464,529	108,000	-
- underprovision in the previous financial year	456,556	-	-	-
	4,172,566	3,464,529	-	-
Deferred tax expense:				
- origination and reversal of temporary differences	(308,788)	-	-	-
- overprovision in the previous financial year	(1,141,212)	-	-	-
	(1,450,000)	-	-	-
	2,722,566	3,464,529	108,000	-

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

	The Group		The Company	
	2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	RM	RM	RM	RM
Profit/(Loss) before taxation	12,113,611	13,469,053	(1,461,875)	(801,598)
Tax at the statutory tax rate of 24% (2021 - 24%)	2,907,267	3,232,573	(350,850)	(192,384)
Tax effects of:				
Non-deductible expenses	499,945	231,956	458,850	192,384
Underprovision of current tax expense in the previous financial year	456,566	-	-	-
Overprovision of deferred tax expense in the previous financial year	(1,141,212)	-	-	-
	2,722,566	3,464,529	108,000	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year/period.

29. EARNINGS PER SHARE

(a) The reconciliation of earnings used in calculating earnings/(loss) per share is as below:-

	The Group	
	2022	2021
Profit attributable to owners of the Company (RM)	9,391,045	10,004,524

(b) The weighted average number of ordinary shares used in calculating earnings per share is as below:-

	The Group	
	2022	2021
Weighted average number of ordinary shares in issue (Basic)	644,359,452	600,000,000
Effect of LTIP	983,398	-
Weighted average number of ordinary shares in issue (Diluted)	645,342,850	600,000,000

(c)

	The Group	
	2022	2021
Basic earnings per share (sen):	1.46	1.67
Diluted earnings per share (sen):	1.46	1.67

30. ACQUISITION OF A SUBSIDIARY

On 8 October 2021, Cengild acquired an additional 80% equity interests in GPSB from its non-controlling interests for a cash consideration of RM800. Following the completion of the acquisition, GPSB became a wholly-owned subsidiary of the Company.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	RM
Bank balance	2,753
Other payables and accruals	(6,463)
Net identifiable liabilities acquired	(3,710)
Less: Non-controlling interest	(200)
Add: Goodwill on acquisition	4,710
Total purchase consideration	800
Less: Bank balance of subsidiary acquired	(2,753)
Net cash inflow from the acquisition of a subsidiary	(1,953)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

31. DIVIDENDS

	The Group	
	2022	2021
	RM	RM
Interim dividend paid during the financial year:-		
- first interim single-tier dividend of RM0.07 per ordinary share	-	899,500
- second interim single-tier dividend of RM0.48 per ordinary share	-	6,385,136
	-	7,284,636

Subsequent to the end of the financial year, the Company has declared a first interim single-tier dividend of 0.37 sen per ordinary share in respect of the financial year ended 30 June 2022 to be paid on 27 September 2022.

32. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of plant and equipment is as follows:-

	The Group	
	2022	2021
	RM	RM
Cost of plant and equipment purchased (Note 9)	427,669	1,698,116

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loan	Lease Liabilities	Total
	RM	RM	RM
The Group			
2022			
At 1 July 2021	2,018,063	22,161,580	24,179,643
Changes in Financing Cash Flows			
Repayment of principal	(2,018,063)	(963,221)	(2,981,284)
Repayment of interests	(15,976)	(829,591)	(845,567)
	(2,034,039)	(1,792,812)	(3,826,851)
Non-cash Changes			
Interest expense recognised in profit or loss	15,976	829,591	845,567
Modification of lease liabilities	-	(4,992,653)	(4,992,653)
At 30 June 2022	-	16,205,706	16,205,706

32. CASH FLOW INFORMATION (cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (cont'd)

	Term Loan RM	Lease Liabilities RM	Total RM
The Group			
2021			
At 1 July 2020	6,018,063	22,902,353	28,920,416
Changes in Financing Cash Flows			
Repayment of principal	(4,000,000)	(740,773)	(4,740,773)
Repayment of interests	(205,398)	(1,015,451)	(1,220,849)
	(4,205,398)	(1,756,224)	(5,961,622)
Non-cash Changes			
Interest expense recognised in profit or loss	205,398	1,015,451	1,220,849
At 30 June 2021	2,018,063	22,161,580	24,179,643

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	5,830,479	648,191	5,725,273	-
Fixed deposits with licensed banks	80,559,435	5,750,000	70,404,165	-
	86,389,914	6,398,191	76,129,438	-
Less: Pledged of bank balances	-	(166,166)	-	-
Deposits with tenure more than 3 months	(50,000,000)	(2,000,000)	(47,300,000)	-
	36,389,914	4,232,025	28,829,438	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

33. KEY MANAGEMENT PERSONNEL

The key management personnel of the Group and of the Company includes executive directors and non-executive directors of the Company and certain members of senior management of the Company.

The key management personnel compensation during the financial year are as follows:

(a) Directors

	The Group		The Company	
	2022	2021	1.7.2021 to 30.6.2022	3.2.2021 to 30.6.2021
	RM	RM	RM	RM
Directors of the Company				
Short-term employee benefits:-				
- fee	135,000	22,500	135,000	22,500
- salaries, bonuses and other benefits	7,099,241	4,800	20,800	4,800
	7,234,241	27,300	155,800	27,300
Defined contribution benefits	649,608	-	-	-
LTIP expenses	43,323	-	-	-
Total directors' remuneration (Note 27)	7,927,172	27,300	155,800	27,300

(b) Other Key Management Personnel

	The Group	
	2022	2021
	RM	RM
Short-term employee benefits	7,298,643	676,693
Defined contribution benefits	900,486	80,894
Share option expenses	44,375	-
Total compensation for other key management personnel	8,243,504	757,587

34. CAPITAL COMMITMENT

	The Group	
	2022	2021
	RM	RM
Renovation and expansion of the hospital	589,000	-

35. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control 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 and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, joint venture, key management personnel and entities within the same group of companies.

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transactions with the related parties during the financial year:-

	The Group	
	2022	2021
	RM	RM
Administrative fee contributed by directors	146,056	833,255
Administrative fee contributed by other key management personnel	54,188	302,203
Consultant fee paid to directors	787,648	6,548,790
Consultant fee paid to other key management personnel	1,221,044	7,651,303
External consultant fee contributed by directors	654,230	-
External consultant fee contributed by other key management personnel	224,767	-
Management fee charge to a joint venture	9,343	6,079

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

36. OPERATING SEGMENTS

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

There is no single customer that contributed 10% or more to the group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 25 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and short-term cash investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Company considers a receivable to be in default when the receivable is unlikely to repay its debt to the Company in full or is more than a year past due.

<u>Trade Receivables</u>

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2021 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
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37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables (cont'd)

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
The Group				
2022				
Current (not past due)	4,480,035	-	-	4,480,035
1 to 30 days past due	136,451	-	-	136,451
31 to 120 days past due	130,032	-	-	130,032
More than 120 days past due	22,951	-	-	22,951
Credit impaired	13,654	-	-	13,654
	4,783,123	-	-	4,783,123
The Group				
2021				
Current (not past due)	4,096,534	-	-	4,096,534
1 to 30 days past due	292,162	-	-	292,162
31 to 120 days past due	105,791	-	-	105,791
More than 120 days past due	1,478	-	-	1,478
	4,495,965	-	-	4,495,965

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

Other Receivables

The Company applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Other Receivables (cont'd)

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
The Group						
2022						
Non-derivative Financial Liabilities						
Trade payables	-	3,517,802	3,517,802	3,517,802	-	-
Other payables and accruals	-	6,387,452	6,387,452	6,387,452	-	-
Amount owing to directors	-	155,800	155,800	155,800	-	-
		10,061,054	10,061,054	10,061,054	-	-
Other liability						
Lease liabilities	4.50	16,205,706	19,823,378	1,975,752	11,130,070	6,717,556
		26,266,760	29,884,432	12,036,806	11,130,070	6,717,556

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
The Group						
2021						
Non-derivative Financial Liabilities						
Trade payables	-	5,301,319	5,301,319	5,301,319	-	-
Other payables and accruals	-	2,219,176	2,219,176	2,219,176	-	-
Amount owing to directors	-	27,300	27,300	27,300	-	-
Term loan	4.50	2,018,063	2,030,408	2,030,408	-	-
		9,565,858	9,578,203	9,578,203	-	-
Other liability						
Lease liabilities	4.50	22,161,580	27,885,910	1,895,258	14,074,672	11,915,980
		31,727,438	37,464,113	11,473,461	14,074,672	11,915,980

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
	RM	RM	RM
The Company			
2022			
Non-derivative Financial Liabilities			
Other payables and accruals	314,165	314,165	314,165
Amount owing to a subsidiary	8,702,149	8,702,149	8,702,149
Amount owing to directors	155,800	155,800	155,800
	9,172,114	9,172,114	9,172,114

37. FINANCIAL INSTRUMENTS (cont'd)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
	RM	RM	RM
The Company			
2021			
Non-derivative Financial Liabilities			
Other payables and accruals	24,500	24,500	24,500
Amount owing to a subsidiary	750,297	750,297	750,297
Amount owing to directors	27,300	27,300	27,300
	802,097	802,097	802,097

37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors and maintains a prudent level of total debt to total equity ratio to optimise shareholders value and to ensure compliance with debt covenants and regulatory, if any.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022

(cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial Assets				
Amortised Cost				
Trade receivables	4,783,123	4,495,965	-	-
Other receivables and deposits	1,014,224	690,583	211,342	500
Fixed deposits with licensed banks	80,559,435	5,750,000	70,404,165	-
Cash and bank balances	5,830,479	648,191	5,725,273	-
	92,187,261	11,584,739	76,340,780	500
Financial Liabilities				
Amortised Cost				
Trade payables	3,517,802	5,301,319	-	-
Other payables and accruals	6,387,452	2,219,176	314,165	24,500
Amount owing to a subsidiary	-	-	8,702,149	750,297
Amount owing to directors	155,800	27,300	155,800	27,300
Term loan	-	2,018,063	-	-
	10,061,054	9,565,858	9,172,114	802,097

37.4 GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial Asset				
Amortised Cost				
Net gain recognised in profit or loss	496,878	60,941	294,530	-
Financial Liability				
Amortised Cost				
Net losses recognised in profit or loss	(16,764)	(206,613)	(39)	-

37.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) In conjunction with the Proposed Listing, the Company has undertaken a Pre-Initial Public Offering restructuring to acquire the entire issued share capital of Cengild ("Proposed Acquisition"). The Company had on 11 May 2021 entered into a Share Sale Agreement in relations to the Proposed Acquisition for a total consideration of RM12,240,000 by way of issuance of 599,999,999 new ordinary shares of the Company at an issue price of RM0.0204 each. The Share Sale Agreement was completed on 28 May 2021.

(b) On 10 February 2022, Bursa Malaysia Securities Berhad ("Bursa Securities") granted the Company the approval to list its entire enlarge issued share capital of RM84,444,001 comprising 818,800,000 ordinary shares on the ACE Market of Bursa Securities.

(c) On 30 March 2022, the Company issued a Prospectus for the proposed placement of 218,800,000 new ordinary shares at an indicative issue price of RM0.33 to selected sophisticated investors ("Proposed Placement") and submitted an application for its proposed listing on ACE Market to Bursa Securities.

(d) On 18 April 2022, the Company was successfully admitted to the Official List of Bursa Securities with the listing of and quotation for its entire enlarge issued share capital of RM84,444,001 comprising 818,800,000 ordinary shares on the ACE Market of Bursa Securities.

39. COMPARATIVE FIGURES

(a) The Group

The comparative figures of the Group were presented based on the financial statements of subsidiary accounted for using the pooling-of-interest method of accounting, as that subsidiary was under common control by the same party both before and after the acquisition by the Company, and that control is not transitory.

(b) The Company

The comparative figures of the Company covered for the financial period from 2 March 2021 (date of incorporation) to 30 June 2021. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 12-month period ended 30 June 2022.

ANALYSIS OF SHAREHOLDINGS
As at 30 September 2022

STATISTICS OF ORDINARY SHAREHOLDINGS

Class of Shares	:	Ordinary Shares
Total Number of Issued Shares	:	818,800,000
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of shareholders	%	No. of shares	%
1 - 99	6	0.16	100	0.00
100 – 1,000	400	10.72	224,300	0.03
1,001 – 10,000	1,700	45.56	10,677,300	1.30
10,001 – 100,000	1,371	36.75	47,705,900	5.83
100,001 to less than 5% of issued shares	250	6.70	428,658,567	52.35
5% and above of issued shares	4	0.11	331,533,833	40.49
Total	3,731	100.00	818,800,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of ordinary shares held			
Name of Substantial Shareholders	Direct	%	Indirect	%
Dato' Dr. Tan Huck Joo	134,728,570	16.45	-	-
Anne Marie Loh Foong Han	80,294,704	9.81	-	-
Emeritus Professor Dato' Dr. Goh Khean Lee	60,183,121	7.35	-	-
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	56,327,438	6.88	-	-

DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	No. of ordinary shares held			
Name of Directors	Direct	%	Indirect	%
Dato' Dr. Tan Huck Joo	134,728,570	16.45	-	-
Emeritus Professor Dato' Dr. Goh Khean Lee	60,183,121	7.35	-	-
Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	56,327,438	6.88	-	-
Kua Choo Kai	-	-	-	-
Dr. Azrina Binti Abu Bakar	200,000	0.02	-	-
Dr. Chong Su-Lin	100,000	0.01	-	-

ANALYSIS OF SHAREHOLDINGS
As at 30 September 2022
(cont'd)

LIST OF TOP 30 HOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Dato' Dr. Tan Huck Joo	134,728,570	16.45
2.	Anne Marie Loh Foong Han	80,294,704	9.81
3.	Emeritus Professor Dato' Dr. Goh Khean Lee	60,183,121	7.35
4.	Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi	56,327,438	6.88
5.	HLIB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Kar Tek*	40,256,463	4.92
6.	HLIB Nominees (Asing) Sdn. Bhd. *Pledged Securities Account for Tony Tan Choon Keat (CCTS)*	40,036,792	4.89
7.	Ramesh A/L K Gurunathan	39,485,556	4.82
8.	Medic Quest Sdn. Bhd.	36,190,567	4.42
9.	Ong Siew Kuen	32,195,253	3.93
10.	Transmetro Sdn. Bhd.	23,924,636	2.92
11.	Tan Soon Wah	18,604,667	2.27
12.	Koon Poh Keong	13,500,000	1.65
13.	Lai Kwong Choy	12,882,619	1.57
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Chee Kuan (MY3341)*	10,500,000	1.28
15.	Tang Vee Mun (Datuk)	9,243,610	1.13
16.	Tokio Marine Life Insurance Malaysia Bhd *As Beneficial Owner (TMEF)*	7,317,300	0.89
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt an for AIA Public Takaful Bhd*	6,390,700	0.78
18.	Amir Azlan Zain	5,897,302	0.72
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt an for AIA Bhd*	5,008,000	0.61
20.	Tan Lim Tneah Kooi	4,832,777	0.59
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lee Chia Lin (MY3057)*	4,800,000	0.59
22.	Ang Boon Guan	4,188,000	0.51
23.	Rangkai Gaya Sdn. Bhd.	3,855,500	0.47
24.	Wang Phaik Mear	3,809,000	0.47
25.	Kuok Su Sim	3,492,803	0.43
26.	Yong Wan Yee	3,400,000	0.42
27.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *CIMB Commerce Trustee Berhad for Fortress Global Growth Fund*	3,390,900	0.41
28.	Kang Hoo Chong	2,657,810	0.32
29.	Tham Kah Fook	2,650,000	0.32
30.	Yeo Moi Choo	2,200,000	0.27

NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of CENGILD MEDICAL BERHAD will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Wednesday, 30 November 2022 at 10.30 a.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 and the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) of the Constitution:-

    i. Dato' Dr. Tan Huck Joo (Resolution 1)
    ii. Dr. Chong Su-Lin (Resolution 2)

3. To approve the payment of Directors' fees and benefits amounting to RM155,800.00 for the financial year ended 30 June 2022. (Resolution 3)

4. To approve the payment of Directors' fees and benefits for an amount not exceeding RM249,600.00 from 1 July 2022 until the next Annual General Meeting of the Company. (Resolution 4)

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company and authorise the Directors to fix their remuneration. (Resolution 5)

Special Business

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

6. Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 (Resolution 6)

    "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option of offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such New Shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

NOTICE OF SECOND ANNUAL GENERAL MEETING
(cont'd)

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT pursuant to Section 85 of the Companies Act, read together Clause 12(3) of the Constitution of the Company, approval be and is given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of New Shares pursuant to the Proposed General Mandate.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

7. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature (Resolution 7)

"THAT pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE Listing Requirements"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3 of the Circular to Shareholders dated 28 October 2022 provided that such transactions and/or arrangements are:-

a. necessary for the day-to-day operations;
b. undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favorable to the related parties than those generally available to the public; and
c. not detrimental to the minority shareholders of the Company.

(collectively known as "Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:-

a. the conclusion of the next Annual General Meeting ("AGM") of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
b. the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Sections 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
c. revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

NOTICE OF SECOND ANNUAL GENERAL MEETING
(cont'd)

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

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

BY ORDER OF THE BOARD

CHONG LAY KIM (SSM PC NO. 202008001920) (LS 0008373)
YENG SHI MEI (SSM PC NO. 202008001282) (MAICSA 7059759)
Company Secretaries

Kuala Lumpur
28 October 2022

Notes:

1. ***IMPORTANT NOTICE***

   *The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.*

   *Shareholders **will not be allowed** to attend the Second Annual General Meeting ("2nd AGM") in person at the Broadcast Venue on the day of the meeting.*

   *Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 2nd AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.*

   ***Please read these Notes carefully and follow the procedures in the Administrative Details for the 2nd AGM in order to participate remotely via RPV**.*

2. *For the purpose of determining who shall be entitled to participate in this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at **23 November 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting via RPV.*

3. *A member who is entitled to participate in this General Meeting via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.*

4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.*

5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

6. *Where a member of the Company is an authorised nominees as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for 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. An exempt authorised nominees refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Sections 25A(1) of the Central Depositors Act.*

8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

NOTICE OF SECOND ANNUAL GENERAL MEETING
(cont'd)

9. *A member who has appointed a proxy or attorney or authorised representative to participate at the 2nd AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the 2nd AGM.*

10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:*

    (i) *In hard copy form*

    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) *By electronic means*

    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

11. *Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly.*

12. *Last date and time for lodging the proxy form is Monday, 28 November 2022 at 10.30 a.m.*

13. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

14. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*

    (i) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*

    (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*

        (a) *at least two (2) authorised officers, of whom one shall be a director; or*
        (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

15. *Shareholders are advised to check the Company's website at www.cengild.com and announcements from time to time for any changes to the administration of the Second Annual General Meeting that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.*

Explanatory Notes on Ordinary Business:

1. ***Agenda Item No. 1 - Audited Financial Statements for the financial year ended 30 June 2022***

    The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. ***Agenda Item No. 2 (i) and (ii) – Re-election of Directors***

    Dato' Dr. Tan Huck Joo and Dr. Chong Su-Lin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Second Annual General Meeting.

NOTICE OF SECOND ANNUAL GENERAL MEETING
(cont'd)

The Board has through the Nominating Committee ("NC"), considered the assessment of the aforesaid Directors and agreed that they met the criteria as prescribed under Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on character, experience, integrity, competence and time to effectively discharge their roles as Directors. Both Directors have also met the relevant requirements under the fit and proper assessment.

The NC and the Board had undertaken an annual assessment on the independence of Dr. Chong Su-Lin and is satisfied that she has met the criteria of independence as prescribed in the Listing Requirements.

3. Agenda Items No. 3 and 4 – Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The payment of the Directors' fees and benefits for the financial year ended 30 June 2022 will only be paid if the proposed Resolution 3 has been passed at this 2nd AGM.

The Proposed Resolution 4 are calculated based on the current board size and the number of scheduled Board and Committee meetings for period from 1 July 2022 until the next Annual General Meeting of the Company. In the event the proposed amount is insufficient, (due to enlarged Board size or more meetings), approval will be sought at the next Annual General Meeting for the shortfall.

4. Agenda Item No. 5 – Re-appointment of Auditors

The Board has through the Audit Committee, considered the re-appointment of Crowe Malaysia PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table the resolution on re-appointment of the Auditors at the 2nd AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Explanatory Notes on Special Business:

5. Agenda Item No. 6 - Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of such shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed General Mandate").

The authority for the Proposed General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

By voting in favour of the Proposed General Mandate, the shareholders of the Company would be waiving their statutory pre-emptive right. The Proposed General Mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance, for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Section 75 and 76 of the Companies Act 2016 which was approved by shareholders at the 1st AGM held on 14 October 2021 and lapse at the conclusion of the 2nd AGM to be held on 30 November 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

6. Agenda Item No. 7 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

The Ordinary Resolution 7 if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 28 October 2022 for further details.

STATEMENT ACCOMPANYING NOTICE OF SECOND ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad

There are no individuals standing for election as Directors at the Second Annual General Meeting.

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CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

CENGILD MEDICAL BERHAD
202101004143 (1404442-P)
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

PROXY FORM

*I/We ______________________________ Tel: ______________
(Full name in block, NRIC/Passport/Company No)

of ____

____

being member(s) of **CENGILD MEDICAL BERHAD**, hereby appoint:

Full Name (in Block as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (*delete as appropriate)

Full Name (in Block as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting, as *my/our proxy/proxies to vote for *me/us and on *my/our behalf at the Second Annual General Meeting ("2nd AGM") of the Company which will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on **Wednesday, 30 November 2022 at 10.30 a.m.** or any adjournment thereof, and to vote as indicated below:

No.	Description of Resolution	Resolution	For	Against
1.	Re-election of Dato' Dr. Tan Huck Joo as Director	1		
2.	Re-election of Dr. Chong Su-Lin as Director	2		
3.	Approval of Directors' fees and benefits amounting to RM155,800.00 for the financial year ended 30 June 2022	3		
4.	Approval of Directors' fees and benefits for an amount not exceeding RM249,600.00 from 1 July 2022 until the next Annual General Meeting of the Company	4		
5.	Re-appointment of Crowe Malaysia PLT as Auditors of the Company and authorising the Directors to fix their remuneration	5		
6.	Authority to issue and allot shares	6		
7.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this ____________ day of ____________ 2022

Notes:

1. ***IMPORTANT NOTICE***

   *The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.*

   *Shareholders **will not be allowed** to attend the Second Annual General Meeting ("2nd AGM") in person at the Broadcast Venue on the day of the meeting.*

   Please read these Notes carefully and follow the procedures in the Administrative Details for the 2nd AGM in order to participate remotely via RPV.
2. *For the purpose of determining who shall be entitled to participate in this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at **23 November 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting via RPV.*
3. *A member who is entitled to participate in this General Meeting via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.*
4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.*
5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

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6. *Where a member of the Company is an authorised nominees as defined in the Securities Industry (Central Depositories) Act 1991("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for 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. An exempt authorised nominees refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Sections 25A(1) of the Central Depositors Act.*
8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *A member who has appointed a proxy or attorney or authorised representative to participate at the 2nd AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the 2nd AGM.*
10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote.*
    (i) *In hard copy form*
    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
    (ii) *By electronic means*
    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide
11. *Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly*
12. *Last date and time for lodging the proxy form is Monday, 28 November 2022 at 10.30 a.m.*

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AFFIX
STAMP

CENGILD MEDICAL BERHAD
202101004141 (1404442-P)

c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A Vertical Business Suite
Avenue 3 Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

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13. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
14. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*
    (i) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
    (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
        (a) *at least two (2) authorised officers, of whom one shall be a director; or*
        (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
15. *Shareholders are advised to check the Company's website at www.cengild.com and announcements from time to time for any changes to the administration of the Second Annual General Meeting that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.*