ANNUM BERHAD

SINCE 1997

Registration No: 199701030432 (445931-U)

2021
ANNUAL REPORT

TABLE OF CONTENTS

VISION & MISSION

VISION

To be a leading-edge integrated provider for our business which includes property development, trading of veneer, plywood and decorative plywood; engineering, procurement, construction and commissioning (EPCC) in the market we serve.

MISSION

To continuously creating value for customers with engineering innovation and solutions to their supply chain whilst striving for long term business sustainability and maintaining good practices that benefits customers, employees, and stakeholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kenneth Chai Chuan Teong
Independent Non-Executive Chairman

David Wong You King
Executive Director

Lim Yun Nyen
Executive Director

Khor Chin Meng
Independent Non-Executive Director

Syed Amir Syakib Arsalan Bin Syed Ibrahim
Independent Non-Executive Director

AUDIT COMMITEE

Khor Chin Meng
Chairman, Independent Non-Executive Director
Kenneth Chai Chuan Teong
Member, Independent Non-Executive Chairman
Syed Amir Syakib Arsalan Bin Syed Ibrahim
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Kenneth Chai Chuan Teong
Chairman, Independent Non-Executive Chairman
Khor Chin Meng
Member, Independent Non-Executive Director
Syed Amir Syakib Arsalan Bin Syed Ibrahim
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Kenneth Chai Chuan Teong
Chairman, Independent Non-Executive Chairman
Khor Chin Meng
Member, Independent Non-Executive Director
Syed Amir Syakib Arsalan Bin Syed Ibrahim
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/SSM PC NO. 202208000250)
Chong Chew Lo
(MAICSA 7046627/SSM PC NO. 201908002693)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan
Tel: +6(03) 7890 0638
Tel: +6(03) 7890 1032

CORPORATE OFFICE

8.7KM Jalan Batu Sapi
Locked bag No. 13
90009 Sandakan, Sabah
Email: contact@annumberhad.com
Website: www.annumberhad.com

AUDITORS

Messrs. Al Jafree Salihin Kuzaimi PLT
(LLP0006652-LCA & AF1522)
No. 555, Jalan Samudra Utara 1
Taman Samudra
68100 Batu Caves
Selangor Darul Ehsan

PRINCIPAL BANKER

CIMB Islamic Bank Berhad

Aldpro Corporate Services Sdn Bhd

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Short Name: ANNUM
Stock Code: 5082

DIRECTORS' PROFILE

Kenneth Chai Chuan Teong ("*Mr. Kenneth*")
(Independent Non-Executive Chairman)
Male, Aged 43, Malaysian

Chairman of Nomination Committee and Remuneration Committee, Member of Audit Committee

Mr Kenneth was re-designated as Independent Non-Executive Chairman on 30 August 2021. He holds a Diploma in Economics and a Bachelor of Science in Economics and Management from University of London, and a Master of Business Administration (Finance) from University of Leicester.

Mr. Kenneth is an experienced corporate manager with vast experience in corporate management including corporate planning and strategy, corporate finance, corporate affairs and branding, corporate communication and stakeholder engagement, corporate governance and compliance, and strategic marketing. He has been involved in numerous corporate exercises, projects and initiatives, ranging from planning through implementation including results review and monitoring. He is also an effective communicator and negotiator at strategic, corporate and operational levels that ensures cohesiveness and unity amongst various stakeholders in achieving the set objectives.

Mr. Kenneth is also an executive coach who facilitates executive, leadership and personal development and transformation. Specializing in emotional intelligence and human behaviour, he helps people become better versions of themselves at their workplaces and in their personal lives.

Mr. Kenneth's previous roles include serving as corporate planner with a Malaysian agriculture and resources conglomerate with businesses spanning from Malaysia to Indonesia, heading the corporate planning functions at holding company level of another Malaysian conglomerate and executing transactions of its boutique corporate finance outfit, and managing the corporate planning and strategy functions in the CEO's Office of a Malaysian government-linked corporation, which is also a Fortune Global 500 company. His other notable past experiences include management of a venture capital management company with interest in oil and gas, information and communication technology, renewable energy and pharmaceutical companies, and spearheading all corporate functions of a Malaysian oil and gas company listed on the Alternative Investment Market of the London Stock Exchange. Previously he was an Independent Non-Executive Director of Ageson Berhad, a company listed in Bursa Malaysia Securities Berhad.

David Wong You King ("*Mr. David*")
(Executive Director)
Male, Aged 50, Malaysian

Mr. David holds Bachelor of Science in Electronic & Electrical Engineering, UK and attended Master of Engineering in Manufacturing Systems, UKM. He has been a Technologist member of the Institution of Engineers, Australia since 2005. He has more than 24 years of working experience in large and complex Project management, design engineering, procurement, construction and commissioning, maintenance support as well as identifying and planning upgrade of equipment of the heavy industry, Oil & Gas upstream and midstream Industry, Complex Petrochemical Plant, Refinery and Petrochemical Integrated Development (RAPID). He plays an important role in the management and execution projects in the above industries.

Lim Yun Nyen ("*Mr. Lim*")
(Executive Director)
Male, Aged 51, Malaysian

Mr. Lim, upon obtaining his Diploma in Business Studies in 1990, he joined Ernst & Young as an Audit Assistant for 4 years. In 1995, he joined Aturmaju (Sabah) Holding Sdn Bhd as an Accounts Supervisor and was subsequently promoted to Finance and Administrative Manager in 1997 and Operational Director in 2000. He has over 25 years of experiences in the timber industry and involved in the co-ordination and day-to-day operations of the mills.

DIRECTORS' PROFILE
(cont'd)

Khor Chin Meng
(Independent Non-Executive Director)
Male, Aged 50, Malaysian

Chairman of Audit Committee
Member of Remuneration Committee and Nomination Committee

Mr Khor Chin Meng has over 21 years of experience in Tax services and Audit Services. He joined Singam & Yong in July 1996 to October 1997 as Audit Senior. Then, he joined Weld Corporate Services Sdn Bhd in November 1997 as a Partner of Company. Currently he is the owner of Weld Asia Tax Advisory Sdn Bhd. He is the Independent Non-Executive Director of ARB Berhad.

Syed Amir Syakib Arsalan Bin Syed Ibrahim ("*Syed Amir*")
(Independent Non-Executive Director)
Male, Aged 48, Malaysian

Member of Audit Committee, Nomination Committee and Remuneration Committee

Syed Amir is the managing partner in the firm of Syed Ibrahim & Co, a legal firm established since 1975. He graduated from International Islamic University Malaysia with Honours and is actively involved in the Malaysian corporate scene, advising clients on mergers & takeovers, leveraged buyouts, corporate restructuring and other business transactions. He has been a practicing lawyer for more than 21 years in various firms, including one of the largest legal firms in Malaysia.

He was also attached in an advisory capacity with Capital Partners Securities Ltd of London through Capital Partners Asia Pacific Sdn Bhd. His primary role was to advise Malaysian and regional companies who were seeking to raise capital on the London Stock Exchange.

He was also the former Managing Director of Advanced Digital Devices Sdn. Bhd. which was primarily involved in manufacturing and supply of home and audio electronics, which had its manufacturing facilities in Anhui, China. Previously he was an Independent Non-Executive Director of Asdion Bhd, a company listed in Bursa Malaysia Securities Berhad.

OTHER INFORMATION OF DIRECTORS

Family Relationship of Directors

None of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Directorship in Public Companies and Listed Issuers

Save as disclosed above, none of the Directors hold directorships in any other public companies and listed issuers in Malaysia.

Convictions of Offence

Other than traffic offences, if any, none of the Directors has been convicted of any offence within the past five years or public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of Annum Berhad for the financial year ended 31 December 2021.

If the year 2020 was unprecedented due to the pandemic, the unexpected storm continued into 2021 as the global economy and public health systems grappled with the impact of the COVID-19 pandemic. However, I am pleased to report that we navigated the storm by assimilating and pivoting our business according to the new norm.

I am pleased to announce the close of a resilient financial year given the many challenges faced by Annum Group in financial year ended 31 December 2021 ("FY2021"). The Group registered total revenue of RM264.48 million in FY2021 as compared to RM42.32 million in financial year ended 31 December 2020 ("FY2020") and a profit before tax of RM56.86 million in FY2021 as compared to RM3.01 million in FY2020. With these financial results, I am delighted to report that Annum Berhad (Annum) has set a new revenue and profit record, considering the global events that shaped FY2021.

Enhancing Value

Despite the many challenges of the pandemic, Annum's efforts to reset and reinvent our business model and processes over the last two years have delivered outstanding results. Sales achieved in FY2021 were at near historic highs and the Group's balance sheet has been strengthened with gross and net gearing positions significantly improved as discussed in the Management Discussion and Analysis Overview section. A more detailed review of the Group's financial performance is covered under the section on "Management Discussion and Analysis Overview" in this Annual Report.

Sustainability Journey

Over the years, we've seen and felt unprecedented challenges, including a global pandemic that brought untold suffering with loss of life and livelihoods, heightened social stress, and worsening of earth vital signs from the effect of climate change. Thus, we believe sustainability as being integral to good governance and a way for us to help preserve our planet for future generation - an everlasting journey demanding continual improvements and commitments for the societies. A more detailed review of the Group's effort on sustainability initiatives is covered under the section on "Sustainability Statement" in this Annual Report.

Once again, the health and business challenges arising from the COVID-19 pandemic persisted in FY2021. Domestic daily cases fluctuated throughout 2021 and the Government implemented the Movement Control Order ("MCO") 2.0 on 13 January 2021 and MCO 3.0 on 1 June 2021 again to curtail an exponential growth in case numbers. With the approval from Government, we were able to resume our operations albeit with reduced number of employees until they were fully vaccinated via PIKAS in September 2021.

Thereafter, Annum was then able to resume full operational activities, whilst ensuring adherence to the stringent Standard Operating Procedures (SOPs) within the organization. Despite the challenges posed by these restrictions, I was impressed by the Group's perseverance and ability to grow sales and deliver stellar results, our best to date. This has demonstrated the Group's readiness and ability to operate efficiently even in difficult times especially in view of the travel restrictions. The Group continues to have a healthy financial position and has received potential orders in the pipeline going forward into the new year. Thus, we believe we are ready to continue to expand and grow our business.

CHAIRMAN'S STATEMENT
(cont'd)

STRENGTHENING OUR VALUE PROPOSITION

Diversification remains a key strategic goal of the Group. We believe that by strengthening the value proposition of our core construction business through partnerships with complementary businesses, we can earn a distinctive competitive edge.

Just as in 2020, the Board has decided to maintain a defensive stance on our financial position to maintain a level of rationality regarding COVID-19's impact on the economy and our business.

OUTLOOK AND PROSPECTS

Looking ahead, the current volatile climate is set to persist with multiple external challenges, including rising commodity prices and a complex international geopolitical context. Nevertheless, while uncertainties are present, we look ahead to the future with greater optimism as the world transitions to the endemic phase of COVID-19.

We remain prudent regarding next year's prospects given the uncertainty surrounding new COVID-19 variants. The World Bank estimates that global economic growth will decrease by 4.1% in 2022. Meanwhile, Malaysia's economy grew by 3.1% in 2021 and is set to grow 5.8% in 2022. As economies rebound, we expect international tourism to gradually return. This will, in turn, boost demand, especially for our premium brands, as well as craft and specialty offerings. We expect consumer sentiment, which has been suppressed for close to two years, to rebound. And we will be well-positioned to capitalize on the rebound with our numerous new marketing campaigns and product innovations.

On behalf of the Board of Directors, I wish to extend our appreciation to members of our management team and employees of the Group. Your effective execution of our business strategies through hard work, focus and determination are very much appreciated and continue to contribute to Annum' s perseverance and success.

Our sincere gratitude also to our shareholders, customers, business associates, suppliers, bankers and relevant government authorities for their confidence and support to the Board and Management.

Finally, to my fellow Board members, thank you for your contributions and professional advice in making the Board more effective and efficient.

Stay safe and thank you.

KENNETH CHAI CHUAN TEONG
Independent Non-Executive Chairman

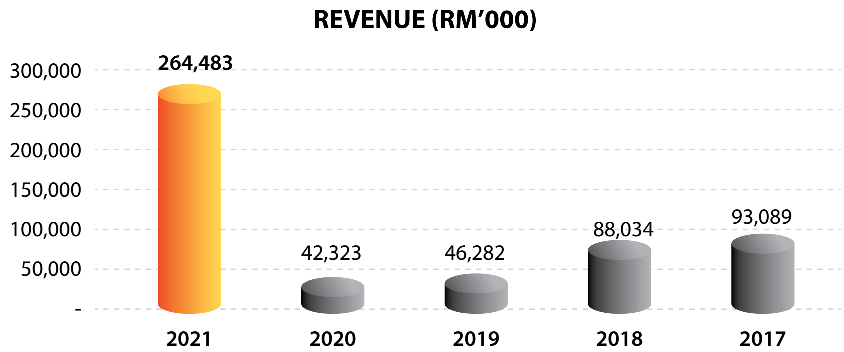
MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

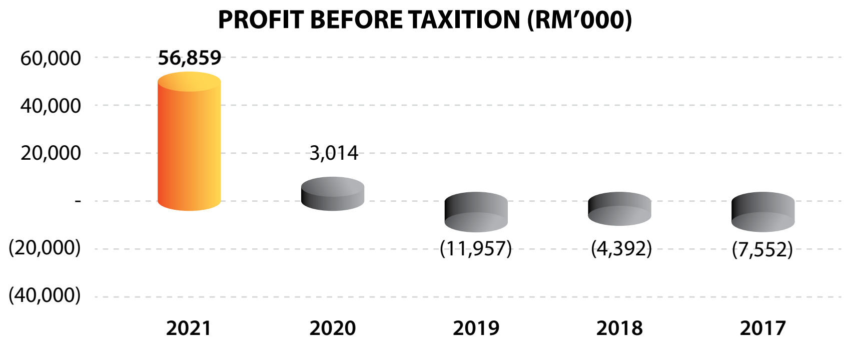
Annum Berhad was incorporated since 1997 as an investment holding company, listed in 2004. We intend to undertake the proposed diversification of existing core business of Annum to include construction, project management and related activities including EPCC and property development through our subsidiaries.

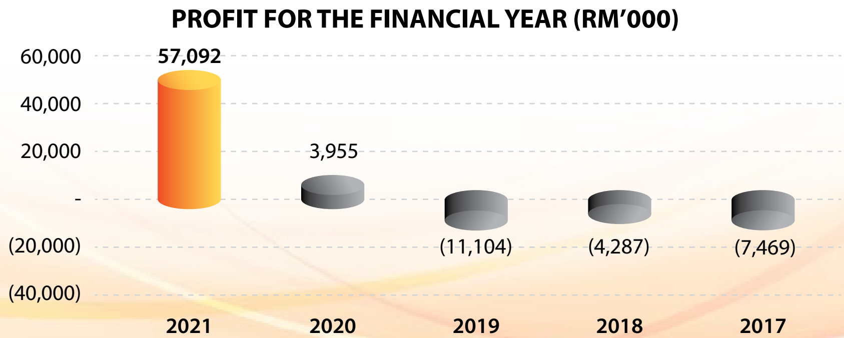
HIGHLIGHTS OF GROUP'S FINANCIAL INFORMATION FOR THE PAST 5 FINANCIAL YEARS

	2021 (RM'000)	2020 (RM'000)	2019 (RM'000)	2018 (RM'000)	2017 (RM'000)
Turnover (RM'000)	264,483	42,323	46,282	88,034	93,089
Profit/(Loss) before tax (RM'000)	56,859	3,014	(11,957)	(4,392)	(7,552)
Tax (RM'000)	233	-	854	105	83
Profit/(Loss) after tax (RM'000)	57,092	3,955	(11,104)	(4,287)	(7,469)
Share Capital (RM'000)	93,464	92,374	92,374	92,374	92,374
Net Assets (RM'000)	109,993	51,118	47,162	58,266	62,554

FINANCIAL OVERVIEW







MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW
(cont'd)

Group Business and Operations

Annum Group is incorporated in Malaysia for over 24 years. Annum Berhad is engaged in the manufacture and trading of veneer and plywood products. The Group has started to venture into the construction, project management and related activities after the shareholders' approval on 18 January 2021.

Meanwhile, during the COVID-19 pandemic since March 2020, the Group's operations were temporarily suspended at certain stages of the MCO imposed by the Government. In turn, this resulted in lower production and sales volume for the Group. However, with the improvement in the COVID-19 situation following the implementation of the national vaccination programme since mid-2021 and the gradual easing of restrictions, the Group was able to register a pick-up of its trading of plywood business while adhering to the standard operating procedures set by the Government. Arising therefrom, the Group's revenue for 12-month Financial Period Ended 31 December 2021 increased substantially by RM222.16 million or 524.92% as compared to the previous corresponding period.

Financial Year Ended 31 December ("FYE 2021") has been one of the most challenging years for the Group as the Covid-19 pandemic triggered significant economic disruptions to business operations and activities and tremendous risks to the health and safety of global populations.

Through these challenges, the Group has persevered through its diversification into construction segment and streamlining efforts to include general trading business. Yet, the anticipated growth did not materialize as the period of uncertainties and disruptions caused by the pandemic prolonged into a second year.

The construction industry suffered substantial contraction owing to work sites closures which had, in turn, affected domestic growth. Business recovery has been slow even as more sectors recommenced full scale operations. Moving forward, the Group will continue to seek for and secure more contracts for the Construction Business, leveraging on the business network of the key management of the Group.

As we marked the second year of the pandemic, our focus shifted to business continuity and sustainability. Our Board of Directors ("Board") have recalibrated our strategic direction by pivoting into general trading to rebuild our sustainability that will better position the Group strategically and operationally moving forward. This silver lining behind these dark clouds has been instrumental in lifting us out of the business doldrums.

Strategies in Creating Values

The Group has benefited from its strategic shift to the general trading business, and it's poised to capitalize on this move in the future. We strive to adopt organic growth strategies in our various business segments, i.e. general trading, constructions, maximizing profitability, increasing returns on shareholders' equity and enhancing market shares despite the challenging economic environment.

In view of the positive outlook going forward, the Group is confident to secure new deals to strengthen its order book and financial position.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW
(cont'd)

Review of Financial Results and Operating Activities

The Group's revenue for the Financial Year Ended ("FYE") 2021 increased substantially by RM222.16 million or 524.92% as compared to the previous year. The higher revenue was mainly due to higher sales volume of plywood and polyester wood. Further, the Company was able to purchase plywood and polyester plywood at a bargain price, resulting in a decrease in the raw materials cost.

In line with the higher revenue, the Group recorded a Gross Profit ("GP") of RM47.23 million as compared to a Gross Loss ("GL") of RM1.92 million in the previous financial year. Apart from the cheaper purchasing cost for plywood as detailed above, the GP was also contributed by cost savings from the cessation of plywood manufacturing activities.

In line with the higher GP, the Group recorded a Profit After Tax ("PAT") of RM57.09 million as compared to a PAT of RM3.95 million in the previous FYE. Apart from the higher GP, this was also contributed by the following:-

(a) Negative goodwill of RM20.91 million arising from the acquisition of 100% equity interest in Annum Softcode Sdn Bhd;

(b) Gain on disposal of RM5.24 million following the disposal of 100% equity interest in Syabas Mujur Sdn Bhd, a former subsidiary of the Company; and

(c) Reversal of written-down receivables of RM4.04 million arising from settlement from Poly-Ply Industries Sdn Bhd ("Poly-Ply") upon the disposal of 100% equity interest in Poly-Ply. Previously, the amount was written down due to possible collection issues. However, Poly-Ply was able to settle the outstanding amount subsequently and hence the previously written-down amount was ultimately reversed and recognised as a gain.

However, the above was partly offset by impairment of other receivables of RM6.84 million arising from an assessment of the collectability of such receivables.

Annum recorded revenue of RM264.48 million, an increase of 524.92% as compared to FYE2020 despite various lockdown periods, mainly contributed by the trading of plywood during the FYE 2021.

Financial Position

Total assets of the Group increased from RM66.72 million to RM236.92 million during the financial year under review, an increase of 255.09% as compared to the previous financial year mainly due to the intangible assets identified during the financial year. The Group's Shareholders Equity as of 31 December 2021 stood at RM109.99 million, an increase of RM58.88 million or 115.18% over the preceding year, mainly due to increase of profit made in FY 2021. Generally, the Group has been financing its operations through internally generated funds and capital financing with no gearing.

Review of Business Activities

Risks and Its Measures

The key risks prevalent to the Group's business are competition and execution risks. All the sectors that the Group engaged in are highly competitive with many players. The Group will strive to maintain its market share with proper cost control and improve operation efficiency, while focus on delivering high quality services to meet customers' requirements. There is always execution risk on construction work due to unforeseen circumstances that cause the delay in construction progress beyond the Group's control. Nevertheless, the Group will closely monitor the construction work progress with various preventive measures to ensure the work would not be disrupted due to such incidents.

Cash Flow Liquidity Risk

Cash flow will remain challenging through to the next year but the Group is confident as the Group's currently is at a nil gearing level and the expected recovery of construction activities as the country enters the endemic stage of the pandemic. Throughout FYE 2021, the Group's primary concern has been to ensure its cash flows could sustain business continuity in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW
(cont'd)

Covid-19 and Movement Restrictions

The prolonged pandemic has unleashed considerable uncertainties and risks globally, which could affect business continuity. Malaysian experience of constant workplace interruption and restrictions may cast long-term impact on operations sustainability.

We have implemented thorough health and safety SOPs to minimize potential Covid-19 transmission among our workforces. These practices have enabled the Group to maintain a safe working environment for all. Annum has been taking proactive initiatives such as regular testing at workplace under supervision of health and safety personnel and the mandatory use of masks in all areas of work. Such actions would enable us to minimize the possibility of mass spreading and allow us to manage the workplace as efficiently as possible.

MOVING FORWARD - Forward Looking Statement

Financial year 2021 has been a very challenging year for Annum. The Group would continue to build competitiveness on its general trading and construction business while remaining focused on operational efficiency and productivity so that satisfactory results are achieved. The Group will continue to participate in bidding for potential project on a more selective basis in view of more challenging environment and increasing credit risks.

1 April 2022 will mark a watershed moment in the pandemic as our country enters the endemic stage. As Malaysia continues its journey on the road to recovery, the Group is not sitting still. We are making strides to grow our order book through tender participations or project negotiations and expand our portfolios in strategic locations to improve our value proposition. The executive leadership and management team will continue to seek and identify viable contracts for construction business and strategic general trading activities.

The pandemic has profoundly changed many aspects of our lives, reshaped the economy as well as the way we conduct our daily businesses. Having gone through a trying time with timely recapitalization that has strengthen its financial footing, the Group is well prepared for any possible eventualities, and will place greater focus on business resilience in short to mid-term strategy.

However, we continue to remind ourselves that the pandemic is still ongoing, and all necessary precautions must still be in place to help minimize the spread of the virus. On that note, the Group remains cautious on its near-term prospects due to persisting economic uncertainties on the road of recovery.

SUSTAINABILITY STATEMENT

Our Board is pleased to present this Sustainability Statement which sets out what the Board considers as material sustainability risks and opportunities (collectively known as "Material Sustainability Matters") to our Group's operations and how these Material Sustainability Matters are managed. The Group has always considered sustainability as a key partner in its business strategy and development. As a responsible corporation with diverse business interests, our aim is to integrate sustainability strategies into our business, ensure high standards of governance across Annum's entire operations, promote responsible business practices within the Group, manage the environmental impact of our businesses and provide a safe and caring workplace for our employees. We recognize the business impact on economic, environment and society ("EES"). Hence, the Group is committed to operate its businesses in an economically, environmentally and socially sustainable manner, balancing business opportunities and risks and further create value to its stakeholders in the long-term. Sustainability and responsibility remain as key pillar to grow our business.

We will strive to meet our stakeholders' expectations and aim to improve the execution of our sustainability agenda through various strategies, targets and measures.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Annum is responsible for the oversight of embedding sustainability into the Group and its business strategy, and that adequate resources, systems and processes are in place for managing sustainability matters. The Board is supported by the management in overseeing the implementation of sustainability strategy and considers input of all business divisions in sustainability processes.

STAKEHOLDERS ENGAGEMENT

We believe that maintaining a good degree of communication and understanding with our internal and external stakeholders is important in our journey to be a sustainable business entity. We identify our stakeholders as any party that is impacted by Annum's business practices, directly or indirectly or who can influence Annum and its decisions.

The following table represents the stakeholder engagement methods which the Group adopts in its sustainability practices to meet the EES requirements.

Stakeholder	Areas of Interest	Initiatives
Customers	• Quality and reliability of products • Product quality and performance • Compliance with International Quality Standards	• Regular customer engagement • Customer visit • Customer retention and brand recognition • Customer feedback channel
Shareholders/Investors	• Provide timely and regular updates on financial performance • Business transparency and good corporate governance to address shareholder requirements • Sustainable operation that achieves long term sustainable growth	• Annual general meeting • Press Release • Company website • Quarterly reports • Annual reports
Suppliers	• Ethics and integrity of supplier and contractor • Service delivery • Timely payment • Services/products quality	• Comparative quotes • Purchasing contract • Tender evaluation • Correspondences / Site Visits • Supplier meetings
Employees	• Career development • Employee welfare and health & safety • Working environment • Business performance • Non-discrimination and gender diversity	• Training and development • Meeting/staff communication sessions and talks • In house health and safety related talks • Annual Performance Review
Government and Regulators	• Regular Consultations • Labour practices • Environmental emissions	• Compliance to statutory requirements and regulations • Active engagement with agencies/ associations
Community/Association	• Community living issue • Corporate social responsibilities	• Donations • Charitable events

SUSTAINABILITY STATEMENT
(cont'd)

OUR MATERIALITY ASSESSMENT

The management has reviewed key Economic, Environment, Social and Governance issues for potential financial, operational and reputational impacts that these issues may have on the Group. We have identified numerous key material issues that are of utmost concern to the stakeholders and of high significance for our Group in year 2021. These material issues have been prioritized through our materiality assessment process. Material issues identified are then assessed to establish if proper policies and procedures are implemented to manage and monitor these issues.

The table below provides an overview of the material subjects and their grouping under the four sustainability pillars namely, the Economic, Environmental, Social and Governance:

Areas of Impact	Material Sustainability Matters
Economic	• Economic Performance • Research and Development • Supply Chain Management • Distribution Network and Customers • Business Conduct
Environmental	• Compliance to Environmental Impact at construction sites • Waste Management and Recycling
Social	• Occupational Health and Safety • Employee Training and Talent Development • Diversity and Equal Opportunity • Employee Welfare and Benefits
Governance	• Commitment of Corporate Governance and Business Ethics

MANAGING SUSTAINABILITY

ECONOMIC

The Group is committed to achieving economic sustainability growth for our shareholders. We conduct our business in compliance with applicable laws and regulations and in accordance with high ethical business practices and good corporate governance. The Group places the utmost importance on the approaches to achieve a sustainable business that will grow constantly during changes and challenges in the current global economic environment.

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis Overview section of this Annual Report.

Despite the challenging economic and business environment, the Group continues to enhance product quality and efficiency of the manufacturing process in order to comply with the buyers' quality requirements. We are customer centric and aim to provide products/services which meet customers satisfaction. We encourage our customers' feedback and input. These are then reviewed and relevant follow-up actions are performed to improve customer satisfaction. While meeting our customers' satisfaction and requirements, the Group is also mindful that an equilibrium needs to be achieved with the appropriate strategies in sustaining our business. In managing our customers, the Group has implemented policies to ensure that credit sales of products and services are made to customers with an appropriate credit standing or with an appropriate credit history.

The Group is committed to good corporate governance and ethical practices at the workplace. The governance practices are guided by the recommendations of the Malaysian Code on Corporate Governance 2021 ("MCCG"), Bursa Malaysia's Listing Requirements and other regulatory requirements. Management and staff are made aware to observe and comply with all relevant legislation, regulations and codes of practice and inculcate good ethical standards in business dealings.

SUSTAINABILITY STATEMENT
(cont'd)

ENVIRONMENT

Annum commits to undertake responsible sustainability practices to mitigate direct and indirect environmental impacts of its business. To this end, environmental protection measures and considerations have long been embedded in our day-to-day operations.

We remain committed towards our responsibility on environmental issues in the conduct of our business. It combines our responsibility with our business objectives for long-term sustainable development.

i. Compliance

We have always sought to protect the natural environment of the areas that we develop and are committed to creating more liveable environments for our communities. We strive to avoid any possible pollution to our environment, with strict rules being imposed to our site for violating the rules.

ii. Waste Management

Disposing of waste in an environmentally-friendly manner is crucial to our environment. We are mindful by doing our part by encouraging our employees and contract site workers to rethink recycling.

The Group has also began recycling office waste (such as printed paper, shred paper and non-food waste from office) and reduced usage of single used plastics (such as mineral water packing, lunch box and disposable utensils), reducing carbon footprint and reducing waste to landfill.

SOCIAL

Social sustainability is the ability to develop processes and structures which not only meet the need of the Group's employees, customers and local communities but also supporting the future generations to maintain a healthy community.

HEALTH AND SAFETY

Occupational Safety and Health (OSH) is our utmost priority. To safeguard the health, wellbeing and safety of our employees, the Group has placed a high level of emphasis on maintaining a safe, clean and healthy working environment for the employees through awareness programme and improved facilities such as fire prevention and emergency rescue facilities. On-going trainings and briefing sessions such as firefighting trainings and Health and Safety awareness talks are organised regularly to educate all the employees on safety issues.

WORKPLACE

We believe our employees are our greatest asset. The health of our employees is directly linked to their productivity and satisfaction at work. We believe clear engagement with employees coupled with career development opportunities will improve personal performance, business productivity and product quality. We recognise the potential in each employee and the benefits of a diverse workforce.

i. Recruitment and Equal Opportunity

The Group encourages diversity in employment to ensure that the Company has an appropriate mix of skills and talent to conduct its business and achieve the Group's goals.

The Group supports the principal of equal opportunities in respect to employment including hiring, training and career advancement with the aims of not discriminating the employees in terms of gender, age, ethnicity, cultural background or other personal factors by adopting a diversity policy within the Group.

ii. Employees' Engagement and Development

The Group encourages employees to acquire new or advanced skills and knowledge through various training programs as well as organising indoor and outdoor activities regularly for team building and leadership skills development. The Group believes that employees' development would promote loyalty among the employees. We focus on attracting and retaining talent and then helping them to develop their skills to drive our Group's success. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs.

SUSTAINABILITY STATEMENT
(cont'd)

COMMUNITY WELL BEING

The Group continues to support the local communities associated with our operations through the offering of job opportunities, fair pay and minimise all environmental and social impacts.

GOVERNANCE

We believe in good corporate governance is fundamental in maintaining the trust of our stakeholders and guides our corporate strategy, risk management and business conduct. We are guided by the MCCG in ensuring that the principles and best practices of good corporate governance are applied throughout our Group. We also ensured that we are in compliance with applicable laws and regulations, as well as adherence to various recognised international standards and certifications.

COMMITMENT TO GOVERNANCE AND BUSINESS ETHICS

Our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in this Annual Report. Our commitment to fostering a culture of responsibility and ethical behaviour is cascaded to all our stakeholders.

All stakeholders are required to adhere to the corporate codes and policies that adopted by our Company which sets prescribes the principles, rules and guidelines that define our Group's ethical behaviour. They are also required to adhere the law of Malaysia and the law of any country that they conduct business in.

Individual who found to be breached of any applicable laws, whatsoever, is subject to the disciplinary action including, but not limited to dismissal of employment and termination of business relationship.

SUSTAINABLE JOURNEY - MOVING FORWARD

The Group will continue to uphold our commitment towards sustainability in our policies and business practices. All stakeholders will be adequately addressed to ensure everyone mutually benefited from the sustainability initiatives implemented.

With better understanding the impact and importance of sustainability initiatives, the Group will continuously refine and improve on sustainability issues and matters. The Group will further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

CONCLUSION

Notwithstanding the Material Sustainability Matters disclosed in this Statement, our Group also consider other aspects of sustainability risks and opportunity and has invested resources and efforts in managing these sustainability matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("Board") of Annum Berhad (the "Company" or "Annum") remains committed in maintaining an adequate standard of corporate governance ("CG") within the Company and the Group, adhering to the principles and best practices of CG, through observing and practicing the core values of Malaysian Code on Corporate Governance 2021 ("MCCG") and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). The commitment from the top paves the way for Management and all employees to ensure the Company's businesses and affairs are effectively managed in the best interest of all stakeholders.

During the year, we enhanced our governance processes to reflect the new MCCG guidance. Environmental, social and governance ("ESG") considerations impact everything we do and our goal is for the Group to be a socially and environmentally responsible organisation, with strong governance at the core of how we operate. This section together with the CG report 2021 provides a description of how the Group has applied the main principles of MCCG and complied with the relevant provisions.

The Board is pleased to present an overview on the application of the principles as set out in the MCCG and the extent to which the Company and the subsidiaries ("Group") have complied with the three (3) key principles of the MCCG during the financial year under review.

This statement should be read together with the CG Report 2021 of the Company which is available on the Company's website at www.annumberhad.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Leadership

Strategic Aims, Values and Standards

The Board is responsible for the overall performance of the Group in achieving its objectives and long-term goals, of the Group. The Group's values and standards and the Board's responsibilities are set out in the Board's Charter. Corporate strategies as well as the annual plan are presented to the Board as part of the ongoing review and monitoring, with focus on its core values and standards through the vision and mission of the Group.

The Board focuses mainly on the strategic management, performance monitoring and measurement, risk management and internal controls, standards of conduct, shareholders' communication, and critical business decisions. The matters reserved for the collective decision of the Board are listed in the Board Charter which is available on the corporate website.

The Board implements a strategy planning process to oversee the matters delegated to Management and ensures the goals and targets are in line with the Company's strategic plan and long-term objectives.

The key responsibilities of the Board include:

- reviewing and adopting the overall strategic plan for the Company and Group;
- overseeing the conduct of the Company's and Group's business operations;
- monitoring Board composition, processes and performance including establishment of Board committees and delegate authorities;
- monitoring and ensuring the compliance with regulatory requirements and ethical standards;
- supervision of the overall risk management functions, ensuring adequate risks identification and mitigation of principal risks through the existence of adequate internal controls and risk management systems;
- overseeing the succession planning of senior management;
- overseeing the development and implementation of a shareholders' communication policy; and
- reviewing and ratifying the internal control systems to ensure its effectiveness to mitigate the business risks.

The Board acknowledges it is essential that the Group's strategies also promote sustainability. The Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board delegates and confers some of the Board's authorities and discretion on the Executive Directors as well as on properly constituted Committees comprising Non-Executive Directors which operate within clearly defined terms of reference. This provides the necessary check and balance to the Board's decision-making process, safeguarding the interest of shareholders and stakeholders and ensure that the recommended standard of corporate governance is applied.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Leadership (Cont'd)

Chairman

The Chairman of the Company leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the other Independent Non-Executive Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders, and thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The Board took cognisance that having the same person assume the position of chairman of the Board and member of other board committees gives rise to the risk of self-review and may impair the objectivity of the chairman and the Board when deliberating on the observations and recommendations put forth by the board committees. However, the Chairman is not involved in management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees. In addition, the presence of the two (2) Independent Directors from a total of the three (3) committees members are sufficient to provide the necessary checks and balances on the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board committees.

Separate Position of the Board Chairman and Executive Director

The positions of Chairman and Executive Directors of the Company are held by separate individuals to ensure a continuing balance of power, authority, and accountability at the Board level. The Chairman primarily leads the Board with the responsibility to ensure effective functioning of the Board as a whole, engaging active participation amongst members of the Board and inculcating good corporate governance practices and the overall conduct of the Group.

The Executive Directors being the key personnel areas responsible to develop and put the operations plan into action. They monitor actual results on a weekly basis with the senior management team from various departments and where planned performance is not met, strategies are re-assessed and remedial actions taken to address the variances. Both domestic and export marketing strategies are discussed at the weekly meetings.

The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies.

All decisions of the Board are made unanimously or by consensus. The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. The responsibilities of the Board are to oversee the business and affairs of the Company on behalf of the shareholders as stipulated in the Company's Constitution, the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("MMLR") of Bursa Securities and any applicable rules, laws and regulations.

Qualified and Competent Secretaries

The Board is supported by two suitably qualified and competent Company Secretaries. Every Director has ready and unhindered access to the advice and services of the Company Secretaries. Both Company Secretaries are qualified to act as company secretary and meet the requirement under Section 235 of the Act. The Company Secretaries play an advisory role to the Board particularly regarding the Company's Constitution, Board policies and procedures, corporate governance issues and Directors' responsibilities in complying with regulatory requirements, codes, guidance and legislation. The Company Secretaries also regularly update the Board on changes to statutory and regulatory requirements and advise the Board on the impact, if any, to the Company and the Board. The Company Secretaries attend all Board and Board Committees meetings as well as meeting of members and ensure that deliberations and decisions are well documented and kept, and subsequently communicated to the relevant Management for appropriate actions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Leadership (Cont'd)

Access to Information and Advice

The Board recognises that decision making process is highly dependent on the quality of information furnished. As such, the Board expects and receives adequate, timely and quality information on an ongoing basis to enable the effective discharge of its duties. The Board receives updates from the Management on the Group's operations and performance as well as the status of implementation of the Board's policies and decisions during the Board meetings. Prior to a meeting, a formal agenda and the relevant proposal papers together with supporting documents are provided to the Board members not less than seven (7) business days or a shorter period, where deliberations involve price-sensitive information in accordance with the listing requirements, before the relevant Board and Board Committee meetings to ensure that they have sufficient time to peruse, deliberate, obtain additional information and/or seek further clarification on the matters to be tabled at the meetings.

The Directors has direct access to Senior Management staff and has full and unrestricted access to all information pertaining to the Group's businesses and affairs, whether as a full Board or in their individual capacity. The Directors may, if necessary, obtain independent professional advice in the furtherance of their duties from external consultants at the Company's expense.

The Board, whether as a full Board or in their individual capacity, has the right to engage independent professional advice, if necessary, at the Group's expense.

2. Demarcation of Responsibilities

Board Charter

The Board has established a Board Charter which sets out the composition, principal roles and responsibilities of the Board, its various Board Committees, individual Directors and Management. The Board Charter also outlines the processes and procedures for the Board and its Committees to be effective and efficient.

The Board will review the Board Charter as and when necessary to ensure it is in tandem with the Board's objectives and within the applicable laws and regulations. The Board Charter is available on the Company's website at www.annumberhad.com.

3. Promoting Good Business Conduct and Corporate Structure

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The ethical standards are formalised through the Directors' Code of Conduct and Corporate Disclosure Policy, which requires all Directors and Employees to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Directors' Code of Conduct and Corporate Disclosure Policy are available on the Company's website at www.annumberhad.com.

Whistleblowing Policy

The Board has adopted a whistleblowing policy for the Group which outlines the avenues for all employees, suppliers, agents, contractors, and customers of the Group to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.

Any employee and member of public who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to their immediate superior or head of department; or to the Head of Human Resources; or to the Chairman of the Audit Committee, if the concerns remains unresolved or they feel that the matter is grave in nature that it can't be discussed with any of the first or second personnel mentioned earlier on through formal or informal channels.

Management will ensure that the identity of the whistle blower who raises a genuine complaint in good faith shall be kept confidential.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4. Strengthen Board's Objectivity

Board Composition

The Board currently consists of three (3) Independent Non-Executive Directors and two (2) Executive Directors, as follows: -

Members of the Board	Designation
Kenneth Chai Chuan Teong	Independent Non-Executive Chairman (Re-designated on 30 August 2021)
David Wong You King	Executive Director
Lim Yun Nyen	Executive Director
Khor Chin Meng	Independent Non-Executive Director
Syed Amir Syakib Arsalan Bin Syed Ibrahim	Independent Non-Executive Director

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a broad range of skills, experience and knowledge to direct and manage the Group's businesses. The Board is satisfied that, through the annual performance appraisal of the Board, the Board Committees and individual directors, the current board composition represents a mix of knowledge, break skills and experience required to discharge the Board's duties and responsibilities effectively.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR and MCCG as more than half of its members are Independent Directors.

Sustainability

The following are the four (4) pronged approaches applied by the Company in achieving business sustainability:-

(a) Strengthen balance sheet to enable business expansion;
(b) Build capital and liquidity with implementation of aggressive cost control measures;
(c) Drive sustainability-led initiatives group-wide, prioritising health and safety above all else; and
(d) Accelerate adoption of digitalisation initiatives.

As part of the efforts in promoting and building sustainability momentum within the Group, the Management has strengthened the Environmental, Social and Governance integration into the group wide operations in the financial year 2021, with a particular focus on environmental and social dimensions. Please refer to the Sustainability Report in the Annual Report for further details.

The Company has engaged with stakeholders in a variety of ways which had been done at both the business units and group levels through formal and informal activities. The collective opinions and insights from the stakeholders help the Board make informed decisions, while aligning the stakeholders' expectations with the Company's sustainability priorities and business approach.

The Board through the Nomination Committee assesses the training programmes attended by each Director during the financial year 2021 to ensure that the Directors had and will continue to constantly keep them abreast on the relevant requirements and matters concerning the sustainability, including the latest development in industry as well as the sustainability issues relevant to the Group.

Tenure of Independent Director

Currently, none of the Independent Directors' tenure exceeded nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4. Strengthen Board's Objectivity (Cont'd)

Policy of Tenure of Independent Director

MCCG sets the tenure of an independent should not exceed a cumulative period of nine years and such director shall be re-designated as Non-Independent Director. If the board intends to retain an independent director beyond nine years, it should justify and seek the shareholders' approval. If the board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board is of the view that the length of tenure should not be referred as sole criterion in determining a director's independence. The spirit, intention, purpose and attitude should be taking into account in assessing the independence of a Director. The Company may derive benefits from retaining such long serving director who has proven with his positive contributions in the Board and Committee meetings, working experiences, networking and familiarisation with the Group's business operations as a whole. As such the Company does not have a policy to limit the tenure of an Independent Director.

Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which including the selection of Board members.

The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Group endeavour to meet the diversity at the Senior Management level and the composition of the Key Senior Management of the Group comprises a mixture of both genders.

Gender Diversity

The Board recognises diversity, including the facet of gender, as an important criterion to determine board composition as it provides the necessary range of perspectives, experiences and expertise required to achieve effective stewardship and management of the Company and the Group. However, at present, the Board does not have any female Directors and has yet to formalise targets and measures on the aspect of gender diversity. Although the Board did not set any target for Board representation in its diversity policy, the Board will continue to take the necessary measures to gradually achieve at least 30% women Directors on the Board in line with the recommendation in of the MCCG. In its effort to promote gender diversity in the boardroom, the Board through its Nomination Committee will undertake several concerted steps to ensure that independent women candidates are sought from various sources including professional bodies as part of its recruitment exercise. The Nomination Committee will also consider candidates recommended by the existing Board members, Management or major shareholders, former Directors or Senior Management.

Nomination Committee

The Nomination Committee comprises three (3) Independent Non-Executive Directors as follows:

Members of the Board	Designation
Kenneth Chai Chuan Teong	Chairman
Khor Chin Meng	Member
Syed Amir Syakib Arsalan Bin Syed Ibrahim	Member

The Nomination Committee is responsible for identifying and making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. The Board may authorise the Nomination Committee to refer to independent sources, for example directors' registry, industry and professional associations or independent search firms to identify suitable qualified candidates for directorship, where required and necessary.

However, the Nomination Committee having considered the present Board's size and balance, did not propose to the Board of potential candidature for additional non-executive director position.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4. Strengthen Board's Objectivity (Cont'd)

Nomination Committee (Cont'd)

The selection process for any suitable candidature of director involves first and foremost evaluation on the balance and composition including mix of skills, independence, experience and diversity (including gender diversity) of the Board. In making recommendation of suitable candidates, the Nomination Committee shall consider various criteria, such as:

- skills, knowledge, expertise and experience;
- time commitment and contribution;
- honesty, integrity, professional conduct and business ethics/practices;
- number of directorships in other companies and other external obligations which may affect his/her commitment; and
- for position of independent non-executive directors, the candidate shall be evaluated at minimum in accordance with the definition of "Independent Director" as stipulated by the MMLR.

This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine skills matrix to support strategic direction and needs of the Company. The Company Secretaries will ensure that all appointment process is properly recorded, all relevant information of the new director is disclosed as well as all legal and regulatory obligations are fulfilled. The Nomination Committee shall ensure all new directors participate in the board induction and training programmes as stipulated by the MMLR.

The Nomination Committee has discharged its duties during the financial year 2021 as follows:

- Reviewed and assessed annual assessment of the performance and effectiveness of the Board as a whole, the committee of the Board, contribution of each individual director;
- Reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- Reviewed and assessed the independence of the Independent Non-Executive Directors;
- Reviewed and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming Annual General Meeting ("AGM") of the Company;
- Reviewed and assessed the term of office and performance of the Audit Committee;
- Reviewed and recommended the types of trainings suitable for the Board;
- Reviewed and assessed the level of financial literacy of the Audit Committee members; and
- Reviewed the revised Terms of Reference of the Nomination Committee to ensure its relevance to the Nomination Committee and recommended to the Board for approval.

5. Overall Board Effectiveness

Annual Evaluation

The Nomination Committee has a formal assessment in place to assess the effectiveness of the Board as a whole, the performance of its Committees and the contribution of each Individual Director on an annual basis by way of a set of customised self-assessment questionnaires. The evaluation process is led by the Chairman of the Nomination Committee and supported by the Company Secretaries. All assessments and evaluations carried out by the Nomination Committee are properly documented.

During the financial year 2021, the Board had conducted the annual assessment based on a number of criteria set out below but not limited to the following:

- Board Performance Evaluation
- Board Committee's Performance Evaluation
- Company Secretary Evaluation Form

Based on the annual assessment conducted, the Nomination Committee was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

5. Overall Board Effectiveness (Cont'd)

Annual Evaluation (Cont'd)

The attendance record of the Directors at Board and Board Committee meetings for the financial year ended 31 December 2021 is set out as follows:

Meeting Attendance	Board	AC	NC	RC	AGM
Dato' Seri Mohd Shariff Bin Omar *(Resigned on 30 August 2021)*	4/4	4/4	1/1	1/1	1/1
Kenneth Chai Chuan Teong *(Redesignated on 30 August 2021)*	5/5	5/5	1/1	1/1	1/1
David Wong You King	5/5	Nil	Nil	Nil	1/1
Lim Yun Nyen	5/5	Nil	Nil	Nil	1/1
Khor Chin Meng	5/5	5/5	1/1	1/1	1/1
Syed Amir Syakib Arsalan Bin Syed Ibrahim	5/5	1/1	Nil	Nil	1/1

Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology and updates on regulations, amongst others to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the MMLR.

During the financial year ended 31 December 2021, all the Directors have attended trainings, seminars, conferences, and exhibitions which they considered vital in keeping abreast with the changes in laws and regulation, business environment, and corporate government development, as detailed hereunder:

Name of Directors	Title of Seminars	Duration (Day)
Kenneth Chai Chuan Teong	1. Times of Uncertainty- Wind-Down and Generating Surplus Cash	28th January 2021
	2. A Winning Approach to Business Building: The New Priority For Growth	11th February 2021
	3. Private Equity Fund Structuring- Key Legal and Tax Issues in 2021	18th May 2021
	4. China-ASEAN International Conference on Soil-Water-Crop Nitrogen Intelligent Monitoring	5th to 8th May 2021
	5. INSEAD Workshop: Venture Capital, Business Angels and Start-Ups	30th Jun 2021
	6. Key Culture Strategies for Business Resilience & Recovery in 2021	8th July 2021
	7. The Art & Science of Termination- Managing Employee Non-Performance	9th July 2021
	8. Compliance with Main Market Listing Requirements- Reporting of Financial Statements	12th July 2021
	9. Corporate Liability: S17A of the MACC Act- The Ultimate "Vaccine" for Corruption in Private Sector	26th August 2021
	10. Virtual LearnCaster	9th, 10th, 16th and 17th October 2021
	11. International Coaching & Leadership Summit 2021	8th, 9th, 10th, 16th, 17th and 18th November 2021
	12. AOB Conversation with Audit Committees	29th November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

5. Overall Board Effectiveness (Cont'd)

Directors' Training (Cont'd)

Name of Directors	Title of Seminars		Duration (Day)
David Wong You King	1.	Mandatory Accreditation Programme for Directors of Public Listed Companies	31 May 2021 – 2 June 2021
	2.	Compliance with Main Market Listing Requirements- Reporting of Financial Statements	12^{t}h July 2021
Lim Yun Nyen	1.	Compliance with Main Market Listing Requirements- Reporting of Financial Statements	12th July 2021
Khor Chin Meng	1.	Compliance with Main Market Listing Requirements- Reporting of Financial Statements	12th July 2021
Syed Amir Syakib Arsalan Bin Syed Ibrahim	1.	Compliance with Main Market Listing Requirements- Reporting of Financial Statements	12th July 2021

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and Board Meetings.

6. Level and Composition of Remuneration

Remuneration Policy

The Board recognises that the level and composition of remuneration of Directors and senior management should consider the Company's desire to attract and retain the right talent in the Board and senior management to drive the company's long-term objectives. The Remuneration Committee together with the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders.

The Company has in place policies and procedures to determine the remuneration of Directors and senior management, which provide for:

- periodic review;
- competitive compensation package for Executive Directors that reflects market rate, individual's performance, job responsibilities and at levels that are sufficient to attract and retain the Executive Directors needed to run the Group successfully; and
- Non-Executive Directors are paid a basic fee as ordinary remuneration and additional allowances for attendance at meetings. The Chairman of the Board and Chairmen of Committees are provided with additional fees.

The Remuneration Committee is chaired by an Independent Non-Executive Director and comprises all Independent Non-Executive Directors.

The Remuneration Committee reviews annually the Directors' Fees and the Directors' Remuneration (including Non-Executive Directors) to commensurate with the level of responsibility of its Directors and senior management. There should be appropriate incentives to attract talent as well as nurture and retain high caliber directors and senior management, whilst considering the interests of other stakeholders, including shareholders and employees. In addition, the remuneration policy and procedures should also be aligned with the business strategy and long-term objectives of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7. Disclosure of Remuneration

Detailed Disclosure of Directors' Remuneration

The Board acknowledges that disclosure of remuneration of the Directors and senior management on an individual basis provides transparency and enable the stakeholders to assess whether the remuneration commensurate with their individual performance, taking into consideration of the Company's performance. However, the Board also understand that such disclosure at employee level for senior management have to be considered in terms of how its affect the dynamics of the workforce internally which may yield unintended outcome among the employees, who themselves are part of the Company's stakeholders, and for this reason has not adopted any disclosure of such employees' remuneration.

The details of remuneration of the Directors for services rendered to the Company and the Group are as follows:

	Company			
Directors	**Directors' fees (RM)**	**Salaries (RM)**	**Meeting Allowance (RM)**	**Total (RM)**
Executive Directors				
David Wong You King	-	-	-	-
Lim Yun Nyen	36,000.00	-	-	36,000.00
Non-Executive Directors				
Dato' Seri Mohd Shariff Bin Omar *(Resigned on 30 August 2021)*	40,000.00	-	1,500.00	41,500.00
Kenneth Chai Chuan Teong *(Redesignated on 30 August 2021)*	36,000.00	-	2,100.00	38,100.00
Syed Amir Syakib Arsalan Bin Syed Ibrahim	36,000.00	-	2,100.00	38,100.00
Khor Chin Meng	36,000.00	-	2,100.00	38,100.00
Lin, Kai-Min *(Retired on 18 May 2021)*	-	-	-	-
Total	184,000.00	-	7,800.00	191,800.00

	Group			
Directors	**Directors' fees (RM)**	**Salaries (RM)**	**Meeting Allowance (RM)**	**Total (RM)**
Executive Directors				
David Wong You King	-	257,600.00	-	257,600.00
Lim Yun Nyen	36,000.00	-	-	36,000.00
Amira Sarayati Binti Ahmad Dahalan *(Appointed on 15 Oct 2021)*	6,000.00	-	-	6,000.00
Non-Executive Directors				
Dato' Seri Mohd Shariff Bin Omar *(Resigned on 30 August 2021)*	40,000.00	-	1,500.00	41,500.00
Kenneth Chai Chuan Teong *(Redesignated on 30 August 2021)*	36,000.00	-	2,100.00	38,100.00
Syed Amir Syakib Arsalan Bin Syed Ibrahim	36,000.00	-	2,100.00	38,100.00
Khor Chin Meng	36,000.00	-	2,100.00	38,100.00
Lin, Kai-Min *(Retired on 18 May 2021)*	-	-	-	-
Total	190,000.00	257,600.00	7,800.00	455,400.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

8. Audit Committee

Effective and Independent Group Audit Committee

The Group's financial reporting and internal control system are reviewed by the Audit Committee of the Group which comprises all Independent Non-Executive Directors. All Audit Committee members are financially literate and have sufficient understanding of the Group's businesses. The Group Audit Committee operates within its Terms of Reference which clearly define its functions and authority.

The Audit Committee meets not less than four (4) times a year and always before the Board Meeting to ensure that all critical issues highlighted by the internal and external auditors can be brought to the attention of the Board on a timely basis. The key matters deliberated at the Audit Committee meetings will be reported to the Board by the Chairman of the Audit Committee. A summary of the activities of the Audit Committee in discharging its functions and duties including how it has met its responsibilities for the financial year 2021 are set out in the Audit Committee Report in this Annual Report.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Company's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with the Auditors.

The External Auditors are invited to attend the Audit Committee meetings at least twice a year to review the audit process and to discuss the Company's Annual Financial Statements, the audit findings, the audit plan as well as problems and reservations arising from the final audit. The Audit Committee also meets with the External Auditors whenever it deems necessary. In addition, the External Auditors are invited to attend the Annual General Meeting ("AGM") of the Company and available to answer shareholders' questions relating to the conduct of the statutory audit and the preparation and contents of their audit report. The External Auditors will report to the Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

The Audit Committee is tasked with the authority from the Board to review any matters concerning the appointment and re-appointment, audit fee, resignation or dismissal of External Auditors.

During the financial year under review, the Audit Committee had in consultation with the Board and management on the performance and independency of the External Auditors, the Audit Committee was satisfied with the External Auditors technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to the External Auditors. Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 31 December 2021 to the External Auditors are set out in the Additional Information of this Annual Report.

The Audit Committee, having satisfied itself with the performance and fulfilment of criteria as set out in the Non-Audit Services Policy as well as received the assurance from the External Auditors as stated above, recommended their reappointment as the External Auditors to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT"D)

9. Risk Management and Internal Control Framework

Risk Management and Internal Control System

The Board is fully aware of their overall responsibility of continuously maintaining a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management and the need to review its effectiveness regularly in order to safeguard shareholders' investment and Group's assets. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The Board has appointed an external consultant, GovernanceAdvisory.com Sdn Bhd ("GA") to provide professional services for internal control assessment and to carry out internal audit function for our Group.

The Internal Auditors had adopted a risk-based approach towards the planning and conduct of audits that are consistent with the Group's established framework in designing, implementing and monitoring of its internal control systems.

Details of the activities carried out by the Internal Auditors during the year under review are set out in the Audit Committee Report of this Annual Report.

The Statement on Risk Management and Internal Control provides an overview of the Company's risk management framework and the system of internal controls within the Group was also presented in the Annual Report.

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

10. Communication with Shareholders and Investors

The Board recognises the importance of timely and equal dissemination of clear, relevant and comprehensive information on major developments of the Group to shareholders and investors, which is carried out by means of various disclosures, press releases and announcements to the stock exchange, taking into consideration the legal and regulatory framework governing the release of material and price-sensitive information. The Group's performance is reported quarterly to the stock exchange and on a yearly basis, the Annual Report is an important channel used by the Company to provide its shareholders and investors with information on its business, financial performance and other key activities.

The Company has, from time to time, held meetings and dialogues with investors and research or investment analysts to convey information regarding the Group's progress, performance and business strategies.

In addition, the Group maintains a website at www.annumberhad.com which is updated from time to time to provide shareholders and members of the public the current information and events relating to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

11. Shareholder Participation at General Meetings

The AGM of the Company provides the principal forum of dialogue and interaction between the Board and the shareholders. The shareholders are given the opportunity to raise questions or to seek for clarifications of pertinent and relevant information of the Company. During the meeting, the Chairman, the Board members and the External Auditors are available to respond to the shareholders' queries.

The notices of the AGM and the Annual Report are sent out to shareholders at least twenty-one (21) days prior to the meeting which in compliance with the Companies Act, 2016 and Listing Requirements.

All the Directors shall endeavor to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the AGM. The Directors and the External Auditors will be in attendance at the AGM to respond to the shareholders' queries.

In line with the MMLR, the Company will implement poll voting for all the proposed resolutions set out in the notice of AGM. Each item of special business included in the notice of AGM will be accompanied by an explanation of the said proposed resolutions. All shareholders or proxies will be briefed on the voting procedures prior to the poll voting by the poll administrator. The Company will appoint independent scrutineers to validate the votes cast at the AGM.

The outcome of resolutions tabled and passed at the AGM are released to Bursa Securities on the same meeting day.

CONCLUSION

The Board is mindful of the need to regularly review the Group's corporate governance practices against the principles in the MCCG with the view of ensuring that they remain relevant in meeting with the challenges of its business environment. The Board is satisfied that the Company has substantially applied the principles and best practices prescribed in the MCCG to date.

This CG Overview Statement was approved by the Board on 11 April 2022.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Annum Berhad ("the Company" or "Annum") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2021 ("FY2021").

The main objectives of the AC are to provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in relation to the accounting and management controls and financial reporting of the Company and the Group and also to serve as a focal point of communication between the Board, External Auditors, internal auditors and the management by means of a forum for discussion which is independent of the management.

COMPOSITION AND ATTENDANCE

AC consists of the following three (3) members, all of whom are Independent Non-Executive Directors ("INED"), who meet the requirements of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"): -

Chairman :	Khor Chin Meng	(Independent Non-Executive Director)
Members :	Kenneth Chai Chuan Teong	(Independent Non-Executive Chairman)
	Syed Amir Syakib Arsalan Bin Syed Ibrahim	(Independent Non-Executive Director)

MEETINGS AND ATTENDANCE

During FY2021, AC held a total of five (5) meetings. The attendance of the members of the AC as follows:

Names	No. of meetings attended	Percentage of attendance (%)
Dato' Seri Mohd Shariff Bin Omar *(Resigned on 30 August 2021)*	4/4	100
Khor Chin Meng	5/5	100
Kenneth Chai Chuan Teong	5/5	100
Syed Amir Syakib Arsalan Bin Syed Ibrahim *(Appointed on 30 August 2021)*	1/1	100

The Company's Executive Directors, Internal Auditors, External Auditors and relevant responsible senior management are usually invited to attend the AC meetings to brief the AC on any matters of interest and to provide input and clarification to the relevant items on the agenda. The Company Secretaries act as Secretary at the meetings to record and maintain minutes of the proceedings of the meetings.

TERMS OF REFERENCE

The Terms of Reference of the AC is available on the Company's website at www.annumberhad.com.

INDEPENDENCE OF THE AUDIT COMMITTEE

The Company recognized the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner of the External Auditors of the Group.

FINANCIAL LITERACY OF THE AUDIT COMMITTEE MEMBERS

Collectively, the members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profiles in this Annual Report. During FY2021, all members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The summary of the activities carried out by the AC during FY2021 as follows:

1. Financial Results

   - Reviewed and discussed the quarterly financial results of the Group (including announcements) and the annual financial statements of the Group and of the Company to ensure compliance with the requirements of financial reporting and disclosure of the relevant authorities prior to the recommendation to the Board for approval.
   - Deliberated on significant matters raised by the External Auditors including financial reporting issues, significant judgements made by Senior Management, significant and unusual events or transactions and management's reports and updates on actions recommended by the External Auditors for improvement.
   - Deliberated on changes or implementation of major accounting changes and compliance with accounting standards and other legal requirements.

2. Internal Audit

   - Reviewed and approved the Internal Audit Plan for year 2021 and the internal auditors' scope of work.
   - Reviewed and discussed with the Internal Auditors, their audit findings and issues arising during the course of their audit and ensure that the appropriate corrective actions are taken by the Management.
   - Reviewed the adequacy and competency of the internal audit functions via carried out the annual assessment of the Internal Auditors.
   - Met the Internal Auditors for a frank and candid dialogue, and to exchange free and honest views and opinions.

3. External Audit

   - Reviewed and approved the Audit Planning Memorandum in respect of FY2021 prior to commencement of the annual audit.
   - Reviewed and discussed with the External Auditors, the results of the audit, the audit report and findings noted in the course of their audit and reported the same to the Board.
   - Evaluated the independence and performance of the External Auditors and recommended their fees and re-appointment to the Board for approval.
   - Met the External Auditors with the presence of the Executive Directors and Management staff for a frank and candid dialogue, and to exchange free and honest views and opinions.

4. Annual Report

   - Reviewed the AC Report, Corporate Governance Overview Statement, and Statement on Risk Management and Internal Control to ensure adherence to the relevant statutory requirements and recommended the same to the Board for approval.

INTERNAL AUDIT FUNCTION

The internal audit function for our Group has been outsourced to an external consultant, GovernanceAdvisory.com Sdn Bhd who has performed an independent review of our Group's various areas during FY2021.

The Internal Auditors are empowered by the AC to provide objective evaluation of risks and controls in the auditable activities to ensure a sound system of internal controls. The Internal Auditors adopts a risk-based audit methodology to develop its audit plan and activities. The internal audit functions of the Group are carried out according to the internal audit plan as approved by the AC. Greater focus and appropriate review intervals are set for higher risk activities, material internal controls, including compliance with the Company's policies, procedures and regulatory requirements.

During FY2021, the Internal Auditors have performed the internal audit according to the approved internal audit plan. Internal Audit reports were issued to the AC in each quarter and tabled during AC meetings. The Internal Audit Reports were also issued to the respective operations management, incorporating audit recommendations and Management responses. The Internal Auditors conducted follow-up audits to ensure the recommendations were implemented appropriately.

The cost incurred for the internal audit function in respect of the FY2021 was RM10,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises that a sound system of risk management and internal control is an integral part of good corporate governance. The Board is committed and affirms its overall responsibility to maintain both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group to safeguard shareholders' investments and Group's assets.

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of listed issuers is required to include in its Annual Report, a statement on the Group's state of internal control. The Board recognises its responsibilities for and the importance of a sound system of Risk Management and Internal Controls. Set out below is the Board's Statement on Risk Management and Internal Control, which provides an overview of the Group's state of Risk Management and Internal Control system.

BOARD RESPONSIBILITY

The Board recognises the importance of the Group's sound internal controls as well as risk management practices and affirms its overall responsibility of establishing a sound risk management and internal control framework. The Board recognises its principal responsibility to review the adequacy and effectiveness of the Risk Management and Internal Control systems of the Group. The Board has via the Audit Committee ("AC") obtained the necessary assurance on the adequacy and effectiveness of the Group's Risk Management and Internal Control systems through ongoing and independent reviews carried out by the internal audit function.

This statement does not cover associate companies which the Group does not have any direct control. Nevertheless, the Board appointed representatives in the board of associate companies to oversight the business and to update key matters and significant information to the Board.

KEY COMPONENTS OF INTERNAL CONTROL PROCESSES

Risk Management Framework

The Board has put in a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operation of the Group's business. These include strategic risk, operational risk, financial risk and project risk. The following outlines the Group's risk management objectives:-

(a) to assess the principle risks faced, or potential risk exposure by the Group in its business operations and to implement appropriate internal control systems that will mitigate those risks;

(b) to review the adequacy and integrity of the internal controls in compliance to guidelines, laws and regulations, and to respond to changes of business environment from time to time;

(c) to weigh business decisions against the philosophy that business risks would be necessarily incurred if the associated rewards are expected to enhance the Group's shareholder value;

(d) to ensure risks which may have a significant impact upon the Group are identified in a manner which would result in their expeditious treatment;

(e) to provide an assurance regarding the extent of the Group's compliance with regulatory requirements and the policies and procedures which are in place.

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

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

INTERNAL CONTROL STRUCTURE

The internal control mechanisms established by the Board are embedded within the organisation structure in all its process. The Group has an established internal control structure and is committed to evaluating, enhancing, and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements of the Group's internal control system include:

(a) A clear and defined organisation structure that is aligned to the business and operational requirements of the core businesses of the Group which limits the respective levels of authority, accountability and responsibility of their job functions and specifications;

(b) Documentation of standard operating procedures and ensuring that internal policies, processes and procedures are drawn-up, reviewed and revised as and when required and necessary;

(c) Regular operational and financial reporting to the senior management and/or the Board, highlighting their progress and variances from budgets. The Audit Committee and the Board review quarterly operational as well as financial results and reports;

(d) Regular group management meetings are held as and when necessary to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances against the business plans, the targets and the budgets, if any, for each operating unit and regular visits by the senior personnel or management team to each operating unit as and when necessary;

(e) Board and Audit Committee meetings are scheduled regularly, that is at least four (4) times in a year and the respective meeting papers are distributed on a timely basis to enable members to have access to all relevant information for reviews and queries to be raised;

(f) Audit Committee prepares the Audit Committee Report and also reviews the quarterly financial results and yearly Audited Financial Statements prior to the approval of the Board;

(g) Management ensures that safety working regulations within the Group are being considered, implemented and adhered to accordingly;

(h) As and when necessary, staff training and development programs may be provided to equip staff with the appropriate knowledge and skills to enable staff to carry out their job functions productively and effectively.

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Independent Non-Executive Chairman leads the presentation of board papers while the Executive Director, where applicable provides explanation of pertinent issues. Additionally, the Chief Executive Officer or Executive Director, where applicable updates the Board on key business and operational issues such as key products result and growth, business plan, corporate affairs and prospects. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite.

Internal Audit

The Group internal audit function is outsourced to one independent professional firm namely, GovernanceAdvisory.com Sdn Bhd to provide internal audit services. The AC is responsible to review and monitor the adequacy and effectiveness of the Group's system of internal control via the internal audit function. The internal audit function assists the AC to achieve the following objectives:

- assess and report on the effectiveness of the risk management and internal control systems;
- assess and report the reliability of systems and reporting information;
- assess and report on the operational efficiency of various business units and departments within the Group and identify cost saving potentials, where practical; and
- review on compliance with the Group policies, standing instructions and guidelines requested by Management, and applicable laws and regulations.

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

INTERNAL CONTROL STRUCTURE (Cont'd)

Internal Audit (Cont'd)

The Internal Auditor has reported to the AC that all internal control weaknesses identified during its audit assignment for the FY2021 have been, or are being, addressed and that none of the weaknesses have resulted in any material losses, contingencies or uncertainties that require disclosure in the Company's Annual Report.

The Board has received assurance that the Group'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 Group.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad Listing Requirements, the External Auditor has reviewed this Statement for inclusion in the 2021 Annual Report. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

CONCLUSION

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate.

The Board would continuously put in place adequate plans, where necessary, to improve the Group's system of risk management and internal control. The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 11 April 2022.

OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. CORPORATE PROPOSALS

On 2 December 2021, on behalf of the Company, KAF Investment Bank Berhad ("KAF IB") announced that the Board has decided to abort the Proposed Share Split and the Proposed Rights Issue of ICULS with Warrants ("Proposals") after having considered all relevant aspects of the Abortion which include, but not limited to, the prevailing market conditions and volatility of the share price of Annum subsequent to the announcement on the revised terms of the Proposals dated 6 July 2021.The Company has decided to explore alternative avenue to raise funds for the operational requirements of the Group.

2. MATERIAL CONTRACTS

No contract of a material nature which involved the interest of the Directors and/or major shareholders was entered into by the Group or still subsisted as at the end of financial year ended 31 December 2021 (“FYE 2021”).

3. AUDIT & NON-AUDIT FEES

The amount of statutory audit fees and non-audit fees paid / payable to Messrs. Al Jafree Salihin Kuzaimi PLT by the Company and the Group for FYE 2021 are as tabulated:

Category	**Audit Fees (RM)**	**Non-Audit Fees (RM)**
Company	40,000	34,000
Subsidiaries	91,500	-
Total	131,500	34,000

*Non-audit fees consist of review of Q2 and Q3 financial statements and review of annual review of the Statement on Risk Management and Internal Control.

4. Recurrent Related Party Transactions

The recurrent related party transactions as at current period to-date were summarized as below:

	Current Year Quarter 31.12.2021 RM'000	**Current Year To-date 31.12.2021 RM'000**
Sales of goods	38,064	71,136
Purchase of goods	12,900	12,900

Sale/Purchase of goods to/from group of companies of Ageson Berhad.

The actual value transacted consists of RM71.14 million from the supply of construction and buildings materials to Ageson Group and RM12.9 million from the purchase of construction and building materials from Ageson Group.

DIRECTOR'S RESPONSIBILITY STATEMENT

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors are required by the Companies Act 2016 ("the Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year ended 31 December 2021. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a "going concern" basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

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

This Statement is made in accordance with a resolution of the Board dated 11 April 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are set out in Note 16 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	57,091,722	825,257
Attributable to:		
Equity holders of the Company	57,092,507	825,257
Non-controlling interest	(785)	-
	57,091,722	825,257

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend any dividends for the current financial year ended 31 December 2021.

DIRECTORS

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

David Wong You King
Lim Yun Nyen
Kenneth Chai Chuan Teong
Khor Chin Meng
Syed Amir Syakib Arsalan Bin Syed Ibrahim
Lin, Kai-Min (Retired on 18 May 2021)
Dato' Seri Mohd Shariff Bin Omar (Resigned on 30 August 2021)

The Director of the subsidiary companies of the Company who held office during the financial year and up to the date of this report, not including those Directors listed above is as follows:

Amira Sarayati binti Ahmad Dahalan

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS IN SHARES

None of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiary companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 as disclosed in Note 8 to the financial statements.

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

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 8 to the financial statements.

None of the Directors of the Company has received any other benefit otherwise than in cash from the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the Directors or past Directors of the Company during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or liability insurance effected for any Director, officer or auditor of the Group or the Company during the financial year.

ISSUES OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and satisfied themselves that there were no known bad debts and that adequate allowance had been made for expected credit losses; and

(ii) any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had 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:

(i) which would render it necessary to write off any bad debts or the amount of the allowance for expected credit losses inadequate to any substantial extent; and

(ii) which would render the value attributed to the current assets in the financial statements of the Group and the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and the Company misleading.

As at the date of this report, there does not exist:

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

(ii) any contingent liability in respect of the Group and the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) 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 the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to continue in office.

The audit fees for services rendered by the auditors to the Group and to the Company for the financial year ended 31 December 2021 are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 April 2022.

DAVID WONG YOU KING
Director

LIM YUN NYEN
Director

Kuala Lumpur

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **DAVID WONG YOU KING** and **LIM YUN NYEN**, being two of the Directors of **ANNUM BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the 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 the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 April 2022

DAVID WONG YOU KING	**LIM YUN NYEN**
Director	Director

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, **DAVID WONG YOU KING**, being the Director primarily responsible for the financial management of **ANNUM BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above named at Kuala Lumpur)
in the state of Kuala Lumpur.)
on 11 April 2022)

DAVID WONG YOU KING

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and of their cash flows for the financial year then ended in accordance with the 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' Code of Ethics for Professional Accountants ("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 the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
1) Revenue recognition As set out in Note 2.6 and Note 4 to the financial statements, the Group's revenue for the year ended 31 December 2021 amounted to RM264,483,176 where it mainly earned from sales of plywood and sand. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as a key audit matter in our audit. There is a risk that revenue could be subject to misstatement, particularly in respect of the timing and amount of revenue recognised. As described in the Significant Accounting Policies in Note 2.6 to the financial statements, revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer.	Our procedures included, amongst others: • Obtaining an understanding of the Group's relevant internal controls and testing the controls over timing and amount of revenue recognised; • Evaluating the transaction price by agreeing the invoices issued with the agreed purchase order from customers; • Evaluating whether the allocation of transactions price to the respective performance obligations; • Evaluating the appropriateness of the timing of revenue recognition based on the transfer of control of the related goods to the customer; and • Testing the recording of sales transactions close to the year end to establish whether the transactions were recorded in the correct accounting period.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Contd.)

Key audit matters	How our audit addressed the key audit matters
2) Acquisition of subsidiaries and valuation of intangible assets On 20 September 2021, a wholly-owned subsidiary of the Company entered into a share sales agreement with a third party to acquire 1 ordinary share of Annum Softcodes Sdn. Bhd. ("ASSB") (formerly known as Bakti Kanan Sdn. Bhd.), representing the entire equity in ASSB, for a total cash consideration of RM10,000. The above transaction has been determined as a business combination and is accounted for in accordance to MFRS 3, Business Combinations. The assets and liabilities acquired were stated at their fair values which were determined in the course of the purchase price allocation performed. This results in net assets measured at fair value amounting to RM14,246,924 which includes the recognition of intangible assets amounting to RM12,089,817. The purchase price allocation performed by the management's expert requires the Directors to make discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on the fair values. Due to the matter described, we considered the business combination and in particular the purchase price allocation as a key audit matter in our audit. Refer to the Significant Accounting Policies and the disclosures of intangible assets in Note 2.12 and Note 15 to the financial statements respectively.	Our procedures included, amongst others: • Obtained and verified the purchase consideration and transfer of shares against the relevant supporting documents such as share sale agreement and share certificate. • Ensured the identifiable assets and liabilities acquired are properly measured and recognised. • Verified the existence of the intangible assets by performing asset sighting to ensure the assets are in good and usable condition. • Reviewed the valuation performed by the management's expert on the intangible assets via purchase price allocation exercise which include challenging the key basis/assumptions use in deriving the fair value of intangible assets. • Interviewed the management's expert to understand the assumptions and methods used and applied in the valuation, where necessary, against available market data for comparison and reasonableness. We also have reviewed the experts qualifications in assessing the competence, capabilities and objectivity of the management's expert. • Reviewed the disclosures in relation to the acquisition of subsidiaries made in the notes to the financial statements to ensure the relevant disclosures are in accordance with the requirements of MFRS 3.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with the 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 going concerns, 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 skepticism 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.

- 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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.

AL JAFREE SALIHIN KUZAIMI PLT
201506002872 (LLP0006652-LCA) & AF1522
CHARTERED ACCOUNTANTS

AIZUL IZUAN BIN ABDUL HAMID
No. 03509/07/2022 J
CHARTERED ACCOUNTANT

Dated: 11 April 2022

Selangor, Malaysia

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	264,483,176	42,322,976	-	-
Cost of sales		(217,252,694)	(44,238,330)	-	-
Gross profit/(loss)		47,230,482	(1,915,354)	-	-
Other operating income	5	34,552,441	9,334,628	2,420,351	7,062,700
Other operating expenses	6	(12,988,367)	(112,968)	(247,276)	-
Operating expenses		(5,372,084)	-	(1,110,886)	-
Selling expenses		(64,328)	(1,242,596)	-	-
Administrative expenses		(2,091,020)	(2,812,428)	(236,932)	(900,517)
Profit from operations	9	61,267,124	3,251,282	825,257	6,162,183
Finance costs	10	(4,308,529)	(237,631)	-	-
Share of result of an associate company		(99,495)	-	-	-
Profit before taxation		56,859,100	3,013,651	825,257	6,162,183
Taxation	11	232,622	-	-	-
Profit from continuing operations		57,091,722	3,013,651	825,257	6,162,183
Profit from discontinued operation, net of tax		-	941,032	-	-
Profit for the financial year, representing total comprehensive income for the financial year		57,091,722	3,954,683	825,257	6,162,183
Profit for the financial year attributable to:					
Equity holders of the Company		57,092,507	3,954,683	825,257	6,162,183
Non-controlling interest		(785)	-	-	-
		57,091,722	3,954,683	825,257	6,162,183
Earnings per share attributable to equity holders of the Company (sen per share):					
Basic	12	76.55	5.39		
Diluted	12	76.55	5.39		

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	11,364,336	17,378,401	-	-
Intangible assets	15	153,617,163	-	-	-
Investments in subsidiary companies	16	-	-	44,998,637	44,998,637
Investment in an associate company	17	390,505	-	-	-
		165,372,004	17,378,401	44,998,637	44,998,637
Current assets					
Trade and non-trade receivables	19	67,771,073	47,675,308	20,235,004	12,608,114
Tax recoverable		250,000	497,848	-	-
Cash and cash equivalents	20	3,535,341	1,166,415	160,083	17,457
		71,556,414	49,339,571	20,395,087	12,625,571
TOTAL ASSETS		236,928,418	66,717,972	65,393,724	57,624,208
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	93,464,258	92,374,387	93,464,258	92,374,387
Treasury shares	22	-	(693,951)	-	(693,951)
Retained profits/(Accumulated losses)	23	16,529,969	(40,562,538)	(49,996,205)	(50,821,462)
		109,994,227	51,117,898	43,468,053	40,858,974
Non-controlling interest		(770)	-	-	-
Total equity		109,993,457	51,117,898	43,468,053	40,858,974
Non-current liabilities					
Loans and borrowings	24	-	1,151,205	-	-
Deferred tax liabilities	25	3,332,936	664,002	-	-
Trade and non-trade payables	26	95,148,383	-	-	-
		98,481,319	1,815,207	-	-
Current liabilities					
Loans and borrowings	24	-	3,177,005	-	-
Trade and non-trade payables	26	28,453,642	10,607,862	21,925,671	16,765,234
		28,453,642	13,784,867	21,925,671	16,765,234
Total liabilities		126,934,961	15,600,074	21,925,671	16,765,234
TOTAL EQUITY AND LIABILITIES		236,928,418	66,717,972	65,393,724	57,624,208

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company				
	Non-distributable				
	Share capital RM	Treasury shares RM	(Accumulated losses)/ Distributable retained profits RM	Non-controlling Interest RM	Total equity RM
Group					
At 1 January 2020	92,374,387	(693,951)	(44,517,221)	-	47,163,215
Total comprehensive income for the financial year	-	-	3,954,683	-	3,954,683
At 31 December 2020	92,374,387	(693,951)	(40,562,538)	-	51,117,898
Disposal of treasury shares	1,089,871	693,951	-	-	1,783,822
Acquisition of a subsidiary company	-	-	-	15	15
Total comprehensive income/(loss) for the financial year	-	-	57,092,507	(785)	57,091,722
At 31 December 2021	93,464,258	-	16,529,969	(770)	109,993,457
Company					
At 1 January 2020	92,374,387	(693,951)	(56,983,645)	-	34,696,791
Total comprehensive income for the financial year	-	-	6,162,183	-	6,162,183
At 31 December 2020	92,374,387	(693,951)	(50,821,462)	-	40,858,974
Disposal of treasury shares	1,089,871	693,951	-	-	1,783,822
Total comprehensive income for the financial year	-	-	825,257	-	825,257
At 31 December 2021	93,464,258	-	(49,996,205)	-	43,468,053

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit before taxation from continuing operations	56,859,100	3,013,651	825,257	6,162,183
Profit before taxation from discontinued operation	-	941,032	-	-
Profit before taxation, total	56,859,100	3,954,683	825,257	6,162,183
Adjustments for:				
Amortisation of intangible assets	2,660,155	-	-	-
Depreciation of property, plant and equipment	1,238,567	2,181,005	-	-
Depreciation of right of use assets	-	479,332	-	-
Gain on disposal of property, plant and equipment	(45,058)	-	-	-
Gain on disposal of a subsidiary company	(5,239,653)	(8,158,737)	(1)	(7,062,700)
Gain on modification of lease	(78,844)	-	-	-
Impairment on inventories	-	21,314	-	-
Impairment on receivables	6,841,154	-	-	-
Reversal of allowance for slow moving inventories	-	(686,446)	-	-
Reversal of impairment on receivables	(4,039,315)	-	(2,410,350)	-
Other receivables written off	5,147,716	-	247,276	-
Interest expenses	24,825	127,353	-	-
Accretion of financial instrument	4,283,704	-	-	-
Interest expenses – lease liabilities	-	110,278	-	-
Interest income	(883)	(6,147)	-	-
Loss on damage of materials	-	38,579	-	-
Share of result of an associate company	99,495	-	-	-
Bargain purchase arising from business combination	(22,495,761)	-	-	-
Operating profit/(loss) before working capital changes	45,255,202	(1,938,786)	(1,337,818)	(900,517)
Change in inventories	-	29,871,757	-	-
Change in receivables	(28,045,304)	(24,678,880)	(5,463,816)	(3,498,833)
Change in payables	(16,899,213)	13,682	(9,009,872)	9,101,633
Cash generated from/(used in) operations	310,685	3,267,773	(15,811,506)	4,702,283
Income tax paid	(21,172)	(52,397)	-	-
Income tax refund	250,000	-	-	-
Interest paid	(24,825)	(127,353)	-	-
Net cash generated from/(used in) operating activities	514,688	3,088,023	(15,811,506)	4,702,283

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	(147,445)	(2,398,354)	-	-
(Acquisition)/disposal of subsidiary companies, net of cash flow	(10,100)	-	1	-
Addition of investment in an associate company	(490,000)	-	-	-
Interest received	883	6,147	-	-
Proceeds from disposal of property, plant and equipment	3,428,621	6,589,663	-	-
Net cash generated from investing activities	2,781,959	4,197,456	1	-
Cash flows from financing activities				
Change in amounts due to subsidiary Companies	-	-	14,170,309	(4,691,067)
Proceeds from disposal of treasury shares	1,783,822	-	1,783,822	-
Net repayment of bankers' acceptance	(1,950,000)	(5,545,000)	-	-
Repayment of hire purchase	(233,315)	(192,343)	-	-
Repayment of principal lease liability	-	(509,650)	-	-
Repayment of term loan	-	(1,485,262)	-	-
Net cash (used in)/generated from financing activities	(399,493)	(7,732,255)	15,954,131	(4,691,067)
Net increase/(decrease) in cash and cash equivalents	2,897,154	(446,776)	142,626	11,216
Cash and cash equivalents at beginning of financial year	638,187	1,084,963	17,457	6,241
Cash and cash equivalents at end of financial year	3,535,341	638,187	160,083	17,457

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(i) Reconciliation of liabilities arising from financing activities

Group

	1 January 2021 RM	Cash flows RM	Non-cash movement RM	31 December 2021 RM
Bankers' acceptance	1,950,000	(1,950,000)	-	-
Hire purchase	233,315	(233,315)	-	-
Lease liability	1,616,667	-	(1,616,667)	-
	3,799,982	(2,183,315)	(1,616,667)	-

	1 January 2020 RM	Cash flows RM	Non-cash movement RM	31 December 2020 RM
Bankers' acceptance	7,495,000	(5,545,000)	-	1,950,000
Term loans	1,485,262	(1,485,262)	-	-
Hire purchase	425,658	(192,343)	-	233,315
Lease liability	56,610	(399,372)	1,959,429	1,616,667
	9,462,530	(7,621,977)	1,959,429	3,799,982

Company

	1 January 2021 RM	Cash flows RM	Non-cash movement RM	31 December 2021 RM
Amounts due to subsidiary companies	7,432,209	14,170,309	-	21,602,518

	1 January 2020 RM	Cash flows RM	Non-cash movement RM	31 December 2020 RM
Amounts due to subsidiary companies	12,123,276	(4,691,067)	-	7,432,209

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 16 to the financial statements.

The registered office is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia.

The principal place of business is located at No. 29-3A, Q Sentral, 2A, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 11 April 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), Malaysian Financial Reporting Standards ("MFRSs") as issued by Malaysian Accounting Standards Board (“MASB”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the respective significant accounting policies.

The financial statements are prepared in Ringgit Malaysia (“RM”) which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2.2 Changes in Accounting Policies

The following Standards have been adopted in the current year. Unless otherwise disclosed, their adoption has no material impact on the amounts reported in these financial statements.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16: Leases - Covid 19- Related Rent Concessions	1 April 2021
Amendments to MFRS 141: Measurement of Fair Value	1 January 2022
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 9: Fees in the 10% Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 1: Measurement of Cumulative Translation Differences for Foreign Operation	1 January 2022

The adoption of these new standards and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and the Company and had no significant effect on the financial performance or position of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards Issued but not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments 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 Transacttion	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statement in the year of initial applications.

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and an associate as at 31 December 2021.

The Group achieves control when is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee which include the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The Group uses the acquisition method of accounting to account for subsidiaries in the business combinations procedure.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(b) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(c) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (Cont'd)

(e) Associate

Associate are entities, including unincorporated entitles, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in an associate are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(f) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(g) Goodwill on consolidation

Goodwill is measured at cost less accumulated impairment losses, 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 acquire (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 as a gain in profit or loss.

2.5 Foreign Currency Transactions

(a) Functional and Presentation Currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign Currency Transactions (Cont'd)

(b) Foreign Currency Transactions (Cont'd)

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

2.6 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(a) Sale of Goods

Revenue from sale of goods is recognised net of taxes and upon transfer of control of the assets to the customer, also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(b) Revenue From Services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(c) Interest Income

Interest income is recognised using the effective interest method.

(d) Management fees

Management fees are recognised as income as and when the services are rendered.

2.7 Employee Benefits

(a) Short Term Benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Employee Benefits (Cont'd)

(b) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred.

The Group makes contribution to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

2.8 Income Taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.9 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, Plant and Equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land (including long leasehold land with remaining unexpired lease term of 100 years and more) is not depreciated but is subject to impairment test if there is any indication of impairment.

Leasehold land with lease period of equal or less than fifty (50) years is classified as short leasehold land whereas leasehold land with lease period of more than fifty (50) years is classified as long leasehold land. Leasehold land is amortised over the period of the lease term, ranging from fifty-one (51) to seventy-eight (78) years.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives.

The principal annual rates of depreciation used are as follows:

Buildings	2% - 10%
Renovation	10%
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.11 Inventories

Inventories comprise raw materials, finished goods and work-in-progress.

Inventories are valued at the lower of cost and net realisable value on weighted average basis. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

2.12 Intangible assets

Intangible assets which represent licenses, copyrights and other incidental costs incurred, are stated at cost less accumulated amortisation and impairment losses, are amortised over a period of five (5) years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company only have financial assets at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(i) Financial Assets at Amortised Cost (Debt Instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's and the Company's financial assets at amortised cost includes trade and non-trade receivables and cash and bank balances.

(ii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iii) Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has the following types of financial instruments that are subject to the ECL model:

- Trade receivables
- Non-trade receivables
- Intercompany receivables

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Impairment of Financial Assets (Cont'd)

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL approach can be classified into the categories below:

<u>General 3-stage approach for other receivables, intercompany receivables that are non-trade in nature</u>

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 29 sets out the measurement details of ECL.

<u>Simplified approach for trade receivables</u>

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 29 sets out the measurement details of ECL.

<u>Significant increase in credit risk</u>

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information. The following indicators are incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Impairment of Financial Assets (Cont'd)

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

(ii) Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

Individual assessment

The credit risk assessment of trade and non-trade receivables of the Group and the Company are performed on an individual basis. Trade and non-trade receivables which are in default or credit-impaired are assessed individually.

For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

(b) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification as follows:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria.

Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have no financial liabilities in this category.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Instruments (Cont'd)

(b) Financial Liabilities (Cont'd)

(ii) Financial Liabilities Measured at Amortised Cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and non-trade payables and loans and borrowings.

Trade and non-trade payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction cost incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.14 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Cash and Cash Equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three (3) months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

2.16 Assets Classified as Held For Sale and Discontinued Operations

(a) Assets Classified as Held For Sale

Non-current assets (or disposal group) classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one (1) year from the date that it is classified as held for sale.

(b) Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business of geographical area of operations;
- is par of a single co-ordinated plan to dispose a separate majore line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

2.17 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.19 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

2.20 Leases

(a) Definition of a Lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (Cont'd)

(b) Initial Recognition and Measurement

(i) As a Lessee

The Group and the Company recognise right of use asset and lease liability at the commencement date of the lease.

The right of use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's and Company's incremental borrowing rate.

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right of use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group and the Company have elected not to recognise right of use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

If a lessee accounts for short-term leases applying paragraph 6, the lessee shall consider the lease to be a new lease for the purposes of this Standard if: (a) there is a lease modification; or (b) there is any change in the lease term (for example, the lessee exercises an option not previously included in its determination of the lease term).

The election for short-term leases shall be made by class of underlying asset to which the right of use relates. A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations. The election for leases for which the underlying asset is of low value can be made on a lease-by-lease basis.

A lessee shall assess the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.

(ii) As a Lessor

The Company does not have any transactions where they have acted as a lessor.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (Cont'd)

(c) Subsequent Measurement

(i) As a Lessee

The right of use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right of use asset reflects that the Group and the Company will exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. In addition, the right of use asset is periodically reduced by impairment losses determined in accordance with Note 14 to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

2.21 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

2.22 Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

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

2.23 Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

2.25 Fair Value Measurement

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. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

The key judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values. useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, 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 amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 13 to the financial statements.

(b) Income Taxes

Significant judgement is required in determining the Group's provision for current and deferred taxes because the ultimate tax liability for the Group and the Company are uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the financial period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of current or deferred taxes in the current financial year in which those differences arise.

The income tax expense of the Group and the Company are disclosed in Note 11 to the financial statements.

(c) Impairment of Property, Plant and Equipment

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e., the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal ("FVLCD") for that asset and its value-in-use ("VIU"). The VIU is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate.

The Group and the Company use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected. In estimating the recoverable amount of the assets in to determine FVLCD, the Directors rely on independent professional.

The carrying amounts of the property, plant and equipment are disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(d) Impairment of Trade and Non-Trade Receivables

The Group makes provision for impairment loss for financial assets at amortised cost based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting year. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 19 to the financial statements.

(e) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slowmoving inventories. These reviews require judgment and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

The economic uncertainties resulting from the COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

The carrying amount of inventories as at the reporting date is disclosed in Note 18 to the financial statements.

(f) Impairment of intangible assets

The Group determines whether intangible assets is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 15 to the financial statements.

4. REVENUE

	Group	
	2021	**2020**
	RM	**RM**
Type of goods		
Plywood	36,876,550	41,332,277
Polyester plywood	210,306,626	-
Sand	15,050,000	-
Veneer	-	990,699
Others	2,250,000	-
Total revenue from contracts with customers	264,483,176	42,322,976
Market of goods		
Export sales	-	25,417,204
Local sales	264,483,176	16,905,772
Total revenue from contracts with customers	264,483,176	42,322,976
Timing of revenue recognition		
Goods transferred at a point in time	264,483,176	42,322,976
Total revenue from contracts with customers	264,483,176	42,322,976

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. OTHER OPERATING INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Gain on disposal of property, plant and equipment	45,058	-	-	-
Gain on disposal of a subsidiary company	5,239,653	8,158,737	1	7,062,700
Gain on foreign exchange - Realised	789	176,745	-	-
Gain on modification of lease	78,844	-	-	-
Interest income	883	6,147	-	-
Miscellaneous income	1,480,476	31,804	10,000	-
Reversal of allowance for slow moving inventories	-	686,446	-	-
Reversal of impairment on receivables	4,039,315	-	2,410,350	-
Management income	1,171,662	274,749	-	-
Bargain purchase arising from business combination	22,495,761	-	-	-
	34,552,441	9,334,628	2,420,351	7,062,700

6. OTHER OPERATING EXPENSES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Loss on damage of materials	-	38,579	-	-
Loss on foreign exchange				
- Realised	139	-	-	-
- Unrealised	11,203	-	-	-
Other expense	988,155	53,075	-	-
Other receivables written off	5,147,716	-	247,276	-
Impairment on receivables	6,841,154	-	-	-
Impairment on inventories	-	21,314	-	-
	12,998,367	112,968	247,276	-

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Contributions to defined contribution plan	128,804	145,713	-	-
Contributions to employment insurance system	809	1,848	-	-
Salaries and wages	2,188,044	4,669,679	197,500	177,600
Social security contributions	13,005	30,348	-	-
Others	324,797	-	10,070	-
	2,655,459	4,847,588	207,570	177,600

Included in employee benefits expense of the Group and the Company are Executive Directors' remuneration consisting salaries and other emoluments respectively as further disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors' remuneration				
- Fees	42,000	44,400	36,000	44,400
- Salaries and other emoluments	257,600	500,622	-	-
- Meeting allowance	-	17,000	-	17,000
	299,600	562,022	36,000	61,400
Non-executive Directors' remuneration				
- Fees	148,000	133,200	148,000	133,200
- Meeting allowance	7,800	-	7,800	-
	155,800	133,200	155,800	133,200
Total Directors' remuneration	455,400	695,222	191,800	194,600

The number of Directors of the Company and its subsidiaries whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors		Remuneration	
	2021 RM	2020 RM	2021 RM	2020 RM
Group				
Executive Directors:				
Below RM50,000	2	-	42,000	-
RM100,001 – RM300,000	1	-	257,600	-
RM300,001 – RM600,000	-	3	-	547,022
Non-executive Directors:				
Below RM50,000	4	2	155,800	87,700
RM100,001 – RM300,000	-	1	-	60,500
			455,400	695,222

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. PROFIT FROM OPERATIONS

Other than those disclosed in Note 5 to Note 8, profit from operations have been arrived at after charging:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Auditors' remuneration				
- statutory audit	131,500	100,000	40,000	40,000
- other services	34,000	15,000	34,000	15,000
Amortisation of intangible assets (Note 15)	2,660,155	-	-	-
Depreciation of property, plant and equipment (Note 13)	1,238,567	2,181,005	-	-
Depreciation of right of use assets (Note 14)	-	479,332	-	-
Rental expenses+	-	22,830	-	-

\+ Expenses relating to short-term leases accounted for applying the recognition exception of MFRS 16 Leases. There are no material expense relating to low value assets.

10. FINANCE COSTS

	Group	
	2021 RM	**2020 RM**
Interest expense		
- Bankers' acceptance		113,845
- Bank overdraft	9,716	4,786
- Hire purchase	15,109	8,722
- Lease liability	-	110,278
- Accretion of financial instrument	4,283,704	-
	4,308,529	237,631

11. TAXATION

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Continuing operations:				
Estimated current tax payable:				
Current year	-	-	-	-
Under provision in prior years	-	-	-	-
	-	-	-	-
Deferred tax				
Current year	(232,622)	-	-	-
	(232,622)	-	-	-
Total income tax for continuing operation	(232,622)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Profit before taxation				
- continuing operations	56,859,100	3,013,651	825,257	6,162,183
- discontinued operation	-	941,032	-	-
	56,859,100	3,954,683	825,257	6,162,183
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	13,646,184	949,124	198,062	1,478,924
Non-tax deductible expenses	4,571,069	(300,844)	382,822	(1,478,924)
Non-taxable income	(8,051,798)	(2,556,669)	(580,884)	-
Share of result of an associate	23,879	-	-	-
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	(10,421,956)	1,908,389	-	-
	(232,622)	-	-	-

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing total comprehensive profit for the financial year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021 RM	**2020 RM**
Profit for the financial year attributable to equity holders of the Company	57,092,507	3,954,683
Weighted average number of ordinary shares in issue (excluding treasury shares)	74,582,850	73,335,400

	Group	
	2021 Sen	**2020 Sen**
Basic and diluted earnings per share	76.55	5.39

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period, and therefore the basic and diluted earnings per share is the same.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Motor vehicles RM	Right of use assets RM	Total RM
Costs						
At 1 January 2020	31,487,207	92,246,075	223,779	4,544,709	-	128,501,770
Restatements	-	-	-	-	69,271	69,271
Additions	1,905,971	-	492,383	-	1,959,429	4,357,783
Disposals	(9,781,994)	(3,558,475)	(443,323)	(1,635,832)	-	(15,419,624)
At 31 December 2020	23,611,184	88,687,600	272,839	2,908,877	2,028,700	117,509,200
Disposal of a subsidiary	-	-	(1,850)	-	-	(1,850)
Additions	52,870	-	94,575	-	-	147,445
Disposals	-	(56,435,232)	-	(2,908,877)	-	(59,344,109)
Written off	-	-	-	-	(2,028,700)	(2,028,700)
At 31 December 2021	23,664,054	32,252,368	365,564	-	-	56,281,986
Accumulated depreciation and impairment						
At 1 January 2020	15,927,225	86,186,481	141,853	4,033,319	-	106,288,878
Restatements	-	-	-	-	11,545	11,545
Charge for the financial year	747,408	1,170,501	51,971	211,125	479,332	2,660,337
Disposals	(4,521,930)	(2,686,226)	(79,820)	(1,541,985)	-	(8,829,961)
At 31 December 2020	12,152,703	84,670,756	114,004	2,702,459	490,877	100,130,799
Disposal of a subsidiary	-	-	(293)	-	-	(293)
Charge for the financial year	779,798	408,621	50,148	-	-	1,238,567
Disposals	-	(53,258,087)	-	(2,702,459)	-	(55,960,546)
Written off	-	-	-	-	(490,877)	(490,877)
At 31 December 2021	12,932,501	31,821,290	163,859	-	-	44,917,650
Net book value						
At 31 December 2020	11,458,481	4,016,844	158,835	206,418	1,537,823	17,378,401
At 31 December 2021	10,731,553	431,078	201,705	-	-	11,364,336

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings of the Group comprises:

Group	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Buildings RM	Total RM
Costs					
At 1 January 2020	2,386,800	8,225,376	6,327,106	14,547,925	31,487,207
Additions	-	-	-	1,905,971	1,905,971
Disposals	(2,386,800)	-	-	(7,395,194)	(9,781,994)
At 31 December 2020	-	8,225,376	6,327,106	9,058,702	23,611,184
Additions	-	-	-	52,870	52,870
At 31 December 2021	-	8,225,376	6,327,106	9,111,572	23,664,054
Accumulated depreciation and impairment					
At 1 January 2020	-	3,778,728	1,903,602	10,244,895	15,927,225
Charge for the financial year	-	45,840	110,622	590,946	747,408
Disposals	-	-	-	(4,521,930)	(4,521,930)
At 31 December 2020	-	3,824,568	2,014,224	6,313,911	12,152,703
Charge for the financial year	-	124,225	184,785	470,788	779,798
At 31 December 2021	-	3,948,793	2,199,009	6,784,699	12,932,501
Net book value					
At 31 December 2020	-	4,400,808	4,312,882	2,744,791	11,458,481
At 31 December 2021	-	4,276,583	4,128,097	2,326,873	10,731,553

Company	Renovations RM	Furniture, fixtures and equipment RM	Total RM
Costs			
At 1 January 2020/31 December 2020/31 December 2021	104,907	20,944	125,851
Accumulated depreciation and impairment			
At 1 January 2020/31 December 2020/31 December 2021	104,907	20,944	125,851
Net book value			
At 31 December 2020	-	-	-
At 31 December 2021	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation of property, plant and equipment during the financial year was taken up in the financial statements as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Recognised in profit or loss (Note 9)				
- Cost of sales	-	1,966,830	-	-
- Administrative expenses	-	179,770	-	-
- Operating expenses	1,238,567	-	-	-
- Selling expenses	-	34,405	-	-
	1,238,567	2,181,005	-	-

In previous financial year, leasehold land of the Group with net book value amounting to RM8,713,690 are pledged for banks for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

Property, plant and equipment of the Group under leases other than the right of use assets relating to short and long leasehold land already disclosed above are as follows:

	Cost RM	Accumulated depreciation RM	Net book value RM
2021			
Motor vehicles	-	-	-
2020			
Motor vehicles	531,660	(346,986)	184,674

Due to the presence of indicators of impairment, the Group has assessed the recoverable amount of material property, plant and equipment, which was determined based on valuation performed by independent experts using the market comparable approach for land and building and current replacement cost approach for building, plant and equipment. The fair value less cost to sell of the assets are higher than the carrying amounts hence no impairment loss on property, plant and equipment of the Group was recognised during the current financial year (2020: Nil).

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group and the Company have leases for factories and offices and employees' accommodations. Lease contracts are typically made for fixed periods of 2 to 3 years, but may have extension options.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right of use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be cancelled by incurring a substantive termination fee and some leases contain an option to extend the lease for a further term.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Lease liability

	Interest rate %	Maturity	Group 2021 RM	Group 2020 RM
Current	5.47	2021	-	616,077
Non-current	5.47	2021	-	1,000,590
			-	1,616,667

No expenses relating to leases of low-value assets (included in administrative expenses).

(b) As at the reporting date, the Group and the Company did not commit to leases which have yet to commence.

(c) The net book values of right of use assets are recognised and the movements during the year are shown as follows:

	RM
2021	
At 1 January 2021	1,537,823
Written off	(1,537,823)
At 31 December 2021	-

	RM
2020	
At 1 January 2020	57,726
Addition	1,959,429
Depreciation charge	(479,332)
At 31 December 2020	1,537,823

	2021 RM	2020 RM
Cost	-	2,028,700
Accumulated depreciation	-	(490,877)
Net book value	-	1,537,823

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONT'D)

(d) The lease liabilities are recognised and the movements during the year are shown as follows:

	RM
2021	
At 1 January 2021	1,616,667
Reversal	(1,616,667)
At 31 December 2021	-

	RM
2020	
At 1 January 2020	56,610
Additions	1,959,429
Finance costs	110,278
Payments	(509,650)
At 31 December 2020	1,616,667

	2021 RM	2020 RM
Current	-	616,077
Non-current	-	1,000,590
	-	1,616,667

15. INTANGIBLE ASSETS

	Group	
	2021 **RM**	**2020** **RM**
Cost		
At 1 January 2021	-	-
Acquisition of subsidiaries	156,277,318	-
At 31 December 2021	156,277,318	-
Accumulated amortisation		
At 1 January 2021	-	-
Amortisation during the year	2,660,155	-
At 31 December 2021	2,660,155	-
Net carrying amount		
At 31 December 2021	153,617,163	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. INTANGIBLE ASSETS (CONT'D)

During the financial year, the Company has completed the purchase price allocation ("PPA") exercise to determine the fair value of the net assets of Annum Softcodes Sdn. Bhd. within the stipulated time period i.e twelve (12) months from acquisition date on 20 September 2021 in accordance to MFRS 3, Business Combination.

Based on the PPA exercise conducted, RM12,089,817 has been identified as intangible assets arising from the fair value of source codes.

The recoverable amount of the CGUs are based on value in use by discounting the future cash flows generated from continuing use of cash generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flows projection based on the most recent financial budgets convey a five (5) years period.

(ii) The revenue will subsequently remained stagnant for 3 years until FY2024 before dropping by 50% in FY2025 to FY2026 due to Annum's change in business direction to focus on technology division.

(iii) The intrinsic value of 5% per annum has been applied to the revenue of intercompanies in determining the recoverable amount of the CGU.

(iv) Pre-tax discount rate of 13.33% per annum has been applied in determining the recoverable amount of the CGU.

16. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2021	**2020**
	RM	**RM**
Unquoted shares, at cost	72,863,088	90,115,688
Accumulated impairment losses	(27,864,451)	(45,117,051)
Net carrying amount	44,998,637	44,998,637

In previous financial year, the Company has disposed its entire equity interest in Poly-Ply Industries Sdn. Bhd for a cash consideration of RM9.1 million.

	Company	
	2021	**2020**
	RM	**RM**
At 1 January	44,998,637	47,035,937
Disposal of subsidiaries	-	(2,037,300)
At 31 December	44,998,637	44,998,637

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

All of the subsidiaries held by the Company are incorporated in Malaysia, details are as follows:

Name of subsidiaries	Principal activities	Principal place of business	Proportion of ownership interest 2021 %	2020 %
Annum Holdings Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Subsidiaries of Annum Holdings Sdn. Bhd.				
Annum M3 Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Annum S3 Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Annum E3 Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Annum W3 Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Annum K3 Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Annum F3 Sdn. Bhd. +	Technology; General trading and Investment holding	Malaysia	100	-
Annum L3 Sdn. Bhd. +	Technology; General trading and Investment holding	Malaysia	100	-
Annum R3 Sdn. Bhd. +	Technology; General trading and Investment holding	Malaysia	100	-
Annum P3 Sdn. Bhd. +	Construction; General trading and Investment holding	Malaysia	100	-
Subsidiary of Annum M3 Sdn. Bhd.				
Annum Builder Sdn. Bhd. +	Construction	Malaysia	100	-
Subsidiary of Annum S3 Sdn. Bhd.				
Cymao Plywood Sdn. Bhd.	Sale of veneer, plywood, decorative plywood	Malaysia	100	100
Subsidiary of Annum E3 Sdn. Bhd.				
Annum EPCC Sdn. Bhd.	Construction, project management and its related activities including engineering, procurement, construction and commissioning	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

All of the subsidiaries held by the Company are incorporated in Malaysia, details are as follows: (cont'd)

Name of subsidiaries	Principal activities	Principal place of business	Proportion of ownership interest 2021 %	2020 %
Subsidiary of Annum W3 Sdn. Bhd.				
Inovwood Sdn. Bhd.	Manufacture and sale of veneer and plywood; trading of decorative plywood	Malaysia	100	100
Subsidiary of Annum K3 Sdn. Bhd.				
Annum Industries Sdn. Bhd. +	Manufacture construction material; General trading and investment holding	Malaysia	100	-
Subsidiary of Annum F3 Sdn. Bhd.				
Annum Technology Sdn. Bhd. +	Technology; General trading and investment holding	Malaysia	100	-
Subsidiary of Annum L3 Sdn. Bhd.				
Annum Data Sdn. Bhd. +	Technology and general trading	Malaysia	100	-
Subsidiaries of Annum R3 Sdn. Bhd.				
Annum TECH2 Sdn. Bhd. +	Technology; General trading	Malaysia	100	-
Annum WMS Sdn. Bhd. +	Technology; General trading	Malaysia	100	-
Subsidiary of Annum Industries Sdn. Bhd.				
Annum IBS Technology Sdn. Bhd. (f.k.a. CO2 Industrial Sdn. Bhd.) ^	Construction; General trading and Investment holding	Malaysia	100	-
Subsidiary of Annum Technology Sdn. Bhd.				
Annum Softcodes Sdn. Bhd. (f.k.a. Bakti Kanan Sdn. Bhd.) ^	IT related services	Malaysia	100	-

\+ Incorporated during the financial year
^ Acquired during the financial year

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The movement of the accumulated impairment losses on the investments in subsidiary companies as follows:

	Company	
	2021	**2020**
	RM	**RM**
At 1 January	45,117,051	45,117,051
Disposal of subsidiaries	(17,252,600)	-
At 31 December	27,864,451	45,117,051

Due to the presence of indicators of impairment, the Company had assessed the recoverable amount of investments in subsidiaries based on the net tangible assets of these subsidiaries. The recoverable amounts are higher than the carrying amounts, hence no impairment loss on the investments of the subsidiaries of the Group was recognised during the current financial year (2020: Nil).

(a) Acquisition of subsidiary company - Annum Softcodes Sdn. Bhd.

On 20 September 2021, Annum Technology Sdn Bhd ("ATSB"), a wholly-owned subsidiary of Annum Berhad had entered into a share sales agreement with SGTEC3 Sdn Bhd to acquire 1 ordinary share of Annum Softcodes Sdn Bhd ("ASSB"), representing the entire equity in ASSB, for a total cash consideration of RM10,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2021
	RM
Fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	64,187,500
Intangible assets (Note (i))	12,089,817
Cash and bank balances	1
Amount owing to Director	(1,091)
Other payables	(62,029,303)
Total identifiable net assets	14,246,924
Total fair value of consideration transferred	
Cash consideration, representing total consideration paid, as at 31 December 2021	10,000
Net cash outflows arising from acquisition of subsidiary company	
Purchase consideration	10,000
Less: Cash and bank balances acquired	(1)
Net cash outflows	9,999

Bargain purchase arising from business combination

Bargain purchase was recognised as a result of the acquisition as follows:

Fair value of consideration transferred	10,000
Less: Fair value of identifiable net assets	(14,246,924)
Bargain purchase	(14,236,924)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(a) Acquisition of subsidiary company - Annum Softcodes Sdn. Bhd. (Cont'd)

(i) The intangible assets are related to the Intellectual Property Rights, including all source code or other technical material related to it, and the assigned rights are valued by an independent valuer via purchase price allocation exercise which was reported to the Company on 2 November 2021.

(b) Acquisition of subsidiary company - Annum IBS Technology Sdn. Bhd.

On 8 December 2021, Annum Industries Sdn Bhd ("AISB"), a wholly-owned subsidiary of Annum Berhad had entered into a share sales agreement with TR5 Sdn Bhd to acquire 1 ordinary share of Annum IBS Technology Sdn Bhd ("AITSB"), representing the entire equity in AITSB, for a total cash consideration of RM1.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2021 RM
Fair value of identifiable assets acquired and liabilities assumed	
Intangible assets	80,000,000
Cash and bank balances	1
Trade and other payables	(71,741,163)
Total identifiable net assets	8,258,838
Total fair value of consideration transferred	
Cash consideration, representing total consideration paid, as at 31 December 2021	1
Net cash outflows arising from acquisition of subsidiary company	
Purchase consideration	1
Less: Cash and bank balances acquired	(1)
Net cash outflows	-

Bargain purchase arising from business combination

Bargain purchase was recognised as a result of the acquisition as follows:

Fair value of consideration transferred	1
Less: Fair value of identifiable net assets	(8,258,838)
Bargain purchase	(8,258,837)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

17. INVESTMENT IN AN ASSOCIATE COMPANY

	Group 2021 RM	Group 2020 RM
Unquoted shares, at cost	490,000	-
Share of post acquisition retained earnings	(99,495)	-
Net carrying amount	390,505	-

During the financial year, Annum R3 Sdn. Bhd, a wholly-owned subsidiary of Annum Berhad has acquired Annum T3 Sdn. Bhd. for a cash consideration of RM490,000.

Associate company held by the Company is incorporated in Malaysia, detail as follows:

Name of associate	Principal activities	Principal place of business	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Annum T3 Sdn. Bhd. +	Technology; General trading	Malaysia	49	-

+ Incorporated during the financial year

(a) The summarised financial information of the associate is as follows:

	2021 RM	2020 RM
Total assets	1,001,000	-
Total liabilities	207,665	-
Loss for the financial year	(206,665)	-

18. INVENTORIES

	Group 2021 RM	Group 2020 RM
Cost		
Raw materials	-	-
Work-in-progress	-	-
Finished goods	-	-
Materials and supplies	-	-
	-	-
Net realisable value		
Work-in-progress	-	-
Finished goods	-	-
	-	-
Less: Allowance for slow moving inventories	-	-
	-	-
Recognised in profit or loss:		
Inventories recognised in cost of sales	214,639,315	47,395,385

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. INVENTORIES (CONT'D)

The movement in the allowance for slow moving inventories is as follows:

	Group	
	2021	**2020**
	RM	**RM**
At 1 January	-	965,381
Reversal for the financial year	-	(965,381)
At 31 December	-	-

19. TRADE AND NON-TRADE RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Third parties (Note a)	38,598,640	25,623,663	-	-
Non-trade receivables				
Prepayments	530	1,027,273	-	6,122
Deposits	29,158,719	817,961	-	-
Other receivables	11,149	20,288,411	247,276	11,992,390
	29,170,398	22,133,645	-	11,998,512
Less: Allowance for impairment	-	(82,000)	(247,276)	-
	29,170,398	22,051,645	-	11,998,512
Amounts due from subsidiary companies (Note b)	-	-	27,997,338	10,783,321
Amount due from an associate company (Note b)	2,035	-	1,035	-
Less: Allowance for impairment (Note c)	-	-	(7,763,369)	(10,173,719)
	2,035	-	20,235,004	609,602
Total trade and non-trade receivables	67,771,073	47,675,308	20,235,004	12,608,114

(a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 30 to 60 days (2020: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at the reporting date, the Group has significant concentration of credit risk in the form of outstanding balance due from 3 customers (2020: 1 customer) representing 100% (2020: 52%) of total net receivables.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

Group	**Gross amount RM**	**Expected credit loss RM**	**Carrying value RM**
2021			
Neither past due nor impaired	29,636,640	-	29,636,640
Past due			
- less than 60 days	8,962,000	-	8,962,000
- between 61 to 120 days	-	-	-
- between 121 to 365 days	-	-	-
- more than 365 days	-	-	-
	8,962,000	-	8,962,000
	38,598,640	-	38,598,640
2020			
Neither past due nor impaired	765,900	-	765,900
Past due			
- less than 60 days	23,098,967	-	23,098,967
- between 61 to 120 days	1,179,127	-	1,179,127
- between 121 to 365 days	566,196	-	566,196
- more than 365 days	13,473	-	13,473
	24,857,763	-	24,857,763
	25,623,663	-	25,623,663

For non-trade receivables including amounts due from subsidiary companies, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 December 2021, the Group has trade receivables amounting to RM8,962,000 (2020: RM24,775,763) which were past due but not impaired. These relate to a number of independent customers with slower repayment record with no history of default.

(b) Amounts due from subsidiary companies and an associate company are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

(c) Movement in allowance account is as follows:

Group	**2021 RM**	**2020 RM**
Non-trade receivables		
At 1 January	82,000	82,000
Charge for the financial year (Note 6)	6,841,154	-
Reversal for the financial year (Note 5)	(4,039,315)	-
Written off	(2,883,839)	-
At 31 December	-	82,000

Company		
Amounts due from subsidiary companies		
At 1 January	10,173,719	10,173,719
Reversal for the financial year (Note 5)	(2,410,350)	-
At 31 December	7,763,369	10,173,719

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

20. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash in hand	5,688	66,847	1	8
Cash at banks	3,529,653	1,048,190	160,082	17,449
Deposits with licensed banks	-	51,378	-	-
Cash and bank balances	3,535,341	1,166,415	160,083	17,457
Bank overdraft (Note 24)	-	(528,228)	-	-
Cash and cash equivalents	3,535,341	638,187	160,083	17,457

In the previous financial year, the balance of RM51,378 was placed as fixed deposits with the interest rate of 2.95% per annum and a maturity period of 1 month.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

21. SHARE CAPITAL

	Group/Company Share capital			
	2021		2020	
	Unit	RM	Unit	RM
Issued and fully paid				
Ordinary shares				
At 1 January	75,000,000	92,374,387	75,000,000	92,374,387
Disposal of treasury shares	-	1,089,871	-	-
At 31 December	75,000,000	93,464,258	75,000,000	92,374,387

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

22. TREASURY SHARES

	Group/Company Share capital			
	2021		2020	
	Unit	RM	Unit	RM
Issued and fully paid				
At 1 January	1,664,600	693,951	1,664,600	693,951
Disposal of treasury shares	(1,664,600)	(693,951)	-	-
At 31 December	-	-	1,664,600	693,951

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

During the financial year, the Company has disposed the entire units of the treasury shares for a total consideration of RM1,783,822. The minimum price and the maximum price at which the treasury shares were sold were RM1.07 and RM1.08, respectively.

23. RETAINED PROFITS/(ACCUMULATED LOSSES)

The Company's policy is to treat all gains and losses that pass through the statement of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses is the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. LOANS AND BORROWINGS

	Group 2021 RM	Group 2020 RM
Non-current		
Obligations under finance leases	-	150,615
Lease liabilities	-	1,000,590
	-	1,151,205
Current		
Bank overdraft	-	528,228
Bankers' acceptance	-	1,950,000
Obligations under finance leases	-	82,700
Lease liabilities	-	616,077
	-	3,177,005
Total loans and borrowings		
Bank overdraft (Note 20)	-	528,228
Bankers' acceptance	-	1,950,000
Obligations under finance leases	-	233,315
Lease liabilities	-	1,616,667
	-	4,328,210
Maturity structure of loans and borrowings		
Within one year	-	3,177,005
Between one to two years	-	1,083,290
Between two to five years	-	67,915
	-	4,328,210

The interest rate structures are as follows:

	Nominal interest rate 2021	Nominal interest rate 2020	Effective interest rate 2021	Effective interest rate 2020
Bank overdraft	-	BLR + 0.5%	-	BLR + 0.5%
Bankers' acceptance	-	3.45% - 3.83%	-	3.45% - 3.83%
Obligations under finance leases	-	-	-	-
Lease liabilities	-	5.47%	-	BLR – 1.5%

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. LOANS AND BORROWINGS (CONT'D)

(a) Banking facilities

(i) Bank overdrafts

Bank overdrafts are denominated in RM and have a limit of RM500,000 (2020: RM1,000,000).

(ii) Bankers' acceptance

These are used to finance purchases of the Company denominated in RM and have a limit of RM Nil (2020: RM7,000,000) and are short term in nature.

These bank borrowings are secured by:

(i) a legal charge over leasehold land and buildings of the Group as disclosed in Note 13 to the financial statements; and

(ii) a joint and several guarantees executed by two Directors of the Company.

(b) Obligations under finance leases

Future minimum payments under hire purchase payables together with the present value of the net minimum payments are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Minimum hire purchase payments:		
Repayable within one year	-	118,812
Repayable between one to two years	-	118,812
Repayable between two to five years	-	18,592
Total future minimum hire purchase payments	-	256,216
Less: Future finance charges	-	(22,901)
Present value of hire purchase liabilities	-	233,315
Present value of hire purchase liabilities:		
Repayable within one year	-	82,700
Repayable between one to two years	-	82,700
Repayable between two to five years	-	67,915
	-	233,315
Representing:		
Current	-	82,700
Non-current	-	150,615
	-	233,315

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. LOANS AND BORROWINGS (CONT'D)

(c) Lease liabilities

Future minimum payments under lease liabilities together with the present value of the net minimum payments are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Minimum lease liabilities payments:		
Repayable within one year	-	692,280
Repayable between one to two years	-	699,705
Repayable between two to five years	-	400,790
Total future minimum lease liabilities payments	-	1,792,775
Less: Future finance charges	-	(176,108)
Present value of lease liabilities	-	1,616,667
Present value of lease liabilities:		
Repayable within one year	-	686,736
Repayable between one to two years	-	649,862
Repayable between two to five years	-	280,069
	-	1,616,667
Representing:		
Current	-	616,077
Non-current	-	1,000,590
	-	1,616,667

25. DEFERRED TAX LIABILITIES

	Group	
	2021	**2020**
	RM	**RM**
At 1 January	664,002	664,002
Acquisition of subsidiary companies	2,901,556	-
Recognised in profit or loss (Note 11)	(232,622)	-
At 31 December	3,332,936	664,002

The components and movements of deferred tax liabilities of the Group during the financial year are as follows:

	2021	**2020**
	RM	**RM**
Property, plant and equipment	2,603,404	2,766,671
Intangible assets	11,283,829	-
	13,887,233	2,766,671
Tax rate	24%	24%
Deferred tax liabilities recognised	3,332,936	664,002

The amount of temporary differences of the Group for which no deferred tax assets have been recognised in the statement of financial position is as follows:

	2021	**2020**
	RM	**RM**
Unutilised tax losses	5,613,821	35,418,272
Unabsorbed capital allowances	27,308,028	40,928,396
Unutilised reinvestment allowance	14,663,909	14,663,909
	47,585,758	91,010,577
Deferred tax assets at 24% (2020: 24%) not recognised in the financial statements	11,420,582	21,842,538

Under the Malaysia Finance Act, 2018, which was gazetted on 27 December 2018, the Group's tax losses with no expiry period amounting to RM34,020,760 as at 31 December 2020 will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for seven (7) consecutive years of assessment (i.e. from year of assessment 2019 to 2025). Any amount which is not deducted at the end of the period shall be disregarded. The unabsorbed capital allowances and unutilised reinvestment allowance can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

These deferred tax assets are not recognised due to uncertainty of its recoverability.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26. TRADE AND NON-TRADE PAYABLES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Non-current				
Non-trade payables				
Other payables	95,148,383	-	-	-
Current				
Trade payables				
Third parties	27,768,800	654,838	-	-
Non-trade payables				
Other payables	171,369	9,635,517	113,653	9,278,025
Accruals	513,458	317,507	209,500	55,000
	684,827	9,953,024	323,153	9,333,025
Amounts due to subsidiary companies	-	-	21,602,518	7,432,209
Amount due to an associate company	15	-	-	-
	15	-	21,602,518	7,432,209
	28,453,642	10,607,862	21,925,671	16,765,234
Total trade and non-trade payables	123,602,025	10,607,862	21,925,671	16,765,234

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 60 days (2020: 30 to 60 days).

Other payables are non-interest bearing and normally settled on an average term of six (6) months.

Amounts due to subsidiary companies and an associate company are unsecured and non-trade in nature. These balances are interest free and repayable on demand.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Group and the Company have related party relationships with its Directors, key management personnel, and a person connected to a Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows:

Group

Name of related party	Type of transaction	Transaction value 2021 RM	Transaction value 2020 RM	Balance outstanding as as at 31 December 2021 RM	Balance outstanding as as at 31 December 2020 RM
With a person connected to a Director of the Company:					
Lin, Yu-Lin	Salaries	-	121,000	-	-
With a party connected to a former Director:					
Zinton Sdn. Bhd.	Disposal of a subsidiary	-	9,100,000	-	-
With subsidiaries:					
Cymao Plywood Sdn. Bhd.	Advances	14,170,309	-	(21,602,518)	(7,432,209)
	Sales	-	1,406,424	-	-
	Purchase	-	(4,635,299)	-	-
	Lamination charges	-	(2,903,507)	-	-
	Management fee	-	674,091	-	-
Inovwood Sdn. Bhd.	Sales	-	2,610,522	-	-
	Purchase	-	(1,406,424)	-	-
	Management fee	-	(674,091)	-	-
	Advances	(3,019,952)	302,292	7,763,369	-
	Payment of account	-	907,610	-	-
Poly-Ply Industries Sdn. Bhd.	Sales	-	2,425,625	-	-
	Purchase	-	(3,047,352)	-	-
	Lamination charges	-	2,903,507	-	-
	Advances	-	4,312,398	-	(9,278,025)
Syabas Mujur Sdn. Bhd.	Advances	-	1,000	-	-
Annum EPCC Sdn. Bhd.	Advances	-	5,054	-	-
Other related parties:					
ARB Innovation Sdn. Bhd.	Other Payables	-	-	(72,084,290)	-
ARB Cloud Sdn. Bhd.	Other Payables	-	-	(23,064,093)	-
Ageson SMSGMBH Sdn. Bhd.	Sales	71,136,000	-	21,564,000	-
Ageson Place Sdn. Bhd.	Purchase	(12,900,000)	-	(7,500,000)	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) The remuneration of Directors and other members of key management during the financial year were as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short-term employee benefits				
- Directors' remuneration (Note 8)	455,400	695,222	191,800	194,600
- Other senior management	-	314,400	-	-
	455,400	1,009,622	191,800	194,600

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel comprise all the Directors and senior management personnel of the Group and the Company.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

28. FINANCIAL GUARANTEE

The fair value of financial guarantees provided by the Company to banks to secure credit facilities granted to certain subsidiaries with nominal amount of RM Nil (2020: RM8,000,000) are negligible because the actual interest charged by the banks are not materially different from the borrowing costs of the subsidiaries and the outstanding borrowings are adequately secured by property, plant and equipment of the subsidiaries in which their market values upon realisation are expected to be higher than the outstanding borrowing amounts.

(a) Categories of financial instruments

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Financial assets				
Financial assets measured at amortised cost				
Trade and non-trade receivables	67,770,543	46,648,035	20,235,004	12,601,992
Cash and bank balances	3,535,341	1,166,415	160,083	17,457
	71,305,884	47,814,450	20,395,087	12,619,449
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and non-trade payables	123,602,025	10,607,862	21,925,671	16,765,234
Loans and borrowings	-	4,328,210	-	-
	123,602,025	14,936,072	21,925,671	16,765,234

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. FINANCIAL GUARANTEE (CONT'D)

(a) Categories of financial instruments (Cont'd)

A reconciliation of trade and non-trade receivables financial assets to the amounts reflected in the statements of financial position is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Trade and non-trade receivables				
As reflected in the statements of financial position	67,771,073	47,675,308	20,235,004	12,608,114
Less: Prepayments (Note 19)	(530)	(1,027,273)	-	(6,122)
	67,770,543	46,648,035	20,235,004	12,601,992

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group's finance department overseen by an Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and non-trade receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of Managing Director.

The Company's exposure to credit risk arises mainly from the amounts due from subsidiary companies.

<u>Measurement of Expected Credit Loss ("ECL")</u>

(i) Trade receivables using simplified approach

The expected loss rates for trade receivables is assessed on an individual debtor basis. The Group measures the loss allowance for trade receivables by estimating the likelihood that the debtor would not be able to repay during the contractual period, the extent of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. FINANCIAL GUARANTEE (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Measurement of Expected Credit Loss ("ECL") (Cont'd)

(ii) Intercompany receivables and other receivables using general 3-stage approach

The Group and the Company use three categories for intercompany receivables and other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	**Group's and Company's definition of category**	**Basis for recognising ECL**
Performing (Stage 1)	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Under Performing (Stage 2)	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due based on historical experience.	Lifetime ECL
Under Performing (Stage 3)	Interest and/or principal repayments are 180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") - the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") - the percentage of contractual cash flows that will not be collected if defaults happens; and
- EAD ("exposure at default") - the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjust for forward looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

(iii) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Credit risk concentration profile

At the reporting date, the Group has no significant concentration of credit risk other than 3 corporate debtors which represent 100% (2020: 52%) of the Group's total trade receivables, in which these balances are monitored closely. The Company has no significant concentration of credit risk except for amounts due from subsidiary companies.

The deposits placed with licensed banks are not concentrated to any particular group but widely dispersed across various licensed financial institutions. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk and loss allowance assessment

The input of loss allowance on the carrying values of trade receivables related party balances and non-trade receivables presented by the stages are as follows:

	Performing Stage 1 RM	Under Performing Stage 2 RM	Not Performing Stage 3 RM	Total RM
31 December 2021				
Group				
Trade receivables	38,598,640	-	-	38,598,640
Loss allowance	-	-	-	-
Net carrying amount	38,598,640	-	-	38,598,640
Non-trade receivables	29,171,903	-	-	29,171,903
Loss allowance	-	-	-	-
Net carrying amount	29,171,903	-	-	29,171,903
Company				
Non-trade receivables	20,235,004	7,763,369	-	27,998,373
Loss allowance	-	(7,763,369)	-	(7,763,369)
Net carrying amount	20,235,004	-	-	20,235,004

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Exposure to credit risk and loss allowance assessment (cont'd)

The accumulated impairment for trade receivables and non-trade receivables using the general 3-stage approach as at 31 December 2021 reconciles to opening accumulated impairment for that provision as follows:

	Performing Stage 1 RM	Under Performing Stage 2 RM	Not Performing Stage 3 RM	Total RM
Group				
Trade receivables				
At 1 January 2021	-	-	-	-
Additional impairment impairment	-	-	-	-
Write back provision for impairment	-	-	-	-
At 31 December 2021	-	-	-	-
Non-trade receivables				
At 1 January 2021	-	82,000	-	82,000
Additional impairment impairment	-	6,841,154	-	6,841,154
Write back provision for impairment	-	(6,923,154)	-	(6,923,154)
At 31 December 2021	-	-	-	-
Company				
Amounts due from subsidiary companies				
At 1 January 2021	-	10,173,719	-	10,173,719
Additional impairment impairment	-	-	-	-
Write back provision for impairment	-	(2,410,350)	-	(2,410,350)
At 31 December 2021	-	7,763,369	-	7,763,369

The Company assessed the recoverable amount of the amounts due from subsidiary companies during the financial year based on the likelihood that the subsidiary companies will not be able to repay the outstanding amount. Based on the estimated cash flow of the subsidiary companies, no impairment has been recognised during the financial year ended 31 December 2021.

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Maximum exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets presented in the statements of financial position after deducting any allowance for impairment losses.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position; and
- a nominal amount of RM Nil (2020: RM8,000,000) relating to a corporate guarantee provided by the Company to a bank for credit facilities granted to its subsidiaries.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as 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):

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Group					
2021					
Loans and borrowings	-	-	-	-	-
Trade and non-trade payables	123,602,025	133,453,642	28,453,642	105,000,000	-
	123,602,025	133,453,642	28,453,642	105,000,000	-
2020					
Loans and borrowings	4,328,210	4,527,219	3,289,320	1,237,899	-
Trade and non-trade payables	10,607,862	10,607,862	10,607,862	-	-
	14,936,072	15,135,081	13,897,182	1,237,899	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as 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 RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Company					
2021					
Trade and non-trade payables	21,925,671	21,925,671	21,925,671	-	-
Financial guarantee*	-	-	-	-	-
	21,925,671	21,925,671	21,925,671	-	-
2020					
Trade and non-trade payables	16,765,234	16,765,234	16,765,234	-	-
Financial guarantee*	-	8,000,000	8,000,000	-	-
	16,765,234	24,765,234	24,765,234	-	-

* The maximum amount of the issued financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

(iii) 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 its loans and borrowings. All of the Group's and the Company's loans and borrowings are at floating rates and contractually re-priced at intervals of less than six (6) months from the reporting date.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group Increase/(Decrease) 2021 RM	Group Increase/(Decrease) 2020 RM
Effects on profit after taxation		
Increase of 100bp	-	(3,937)
Decrease of 100bp	-	3,937

The above sensitivity analysis is arising mainly as a result of its floating rate bank borrowings.

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Foreign currency risk

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

The Group has transactional currency exposure arising primarily through sales that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily the United States Dollar ("USD").

In the previous financial year, 34% of the Group's sales were denominated in foreign currencies whilst all the costs were denominated in the functional currency of the Group entities. The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

As at the reporting date, the currency exposure of financial assets and financial liabilities that are not denominated in their functional currency are set out below:

	Group	
	2021 RM	**2020 RM**
United States Dollar		
Financial assets		
Cash and bank balances	19,319	27,329
Trade and non-trade receivables	-	350,288
	19,319	377,617
Net financial assets held in non-functional currencies	19,319	377,617

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Group Increase/(Decrease)	
	2021 RM	**2020 RM**
Effects on profit after taxation		
USD/RM		
Strengthened by 2% (2020: 2%)	294	5,740
Weakened by 2% (2020: 2%)	(294)	(5,740)

(c) Fair value information

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder 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's strategies were unchanged from the previous financial year.

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loan and borrowings	-	4,328,210	-	-
Less: Cash and bank balances	(3,535,341)	(1,166,415)	(160,083)	(17,457)
Net debt	(3,535,341)	3,161,795	(160,083)	(17,457)
Total equity	109,993,457	51,117,898	43,468,053	40,858,974
Gearing ratio	-	0.06	-	-

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and bank balances.

Under the requirements of Bursa Malaysia Practice Note 17, where the auditors have highlighted a material uncertainty related to going concern, the Group is required to maintain a consolidated shareholders' equity of not less than the 50% of the issued and paid up capital (excluding treasury shares). The Group has no material uncertainty related to going concern. As for this matter, the rate to be maintained is 25% and the Group has complied with this requirement.

The Group is not subject to any other externally imposed capital requirements.

31. COMMITMENTS

The Group has not entered into any non-cancellable operating lease agreement in regards to any assets.

As at the end of the financial year, the Group has no lease commitment in respect of leased assets.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. SEGMENT INFORMATION

(a) Operating segment

The Group is principally involved in manufacturing and sale of plywood products, which are principally carried out in Malaysia and therefore only has one reportable segment. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

(b) Geographical information

	Group	
	2021	**2020**
	RM	**RM**
Malaysia	264,483,176	16,905,773
Asia	-	3,347,811
Europe	-	1,589,870
United States of America	-	16,519,538
Australia	-	3,959,984
	264,483,176	43,322,976

(c) Major customers

Revenue from 4 customers (2020: 1 customer), which contributed ninety percent or more of the revenue generated, amounted to RM262,233,176 (2020: RM21,377,409) accounting from 99% (2020: 50%) of total revenue.

33. SIGNIFICANT EVENTS

Group's new business models

On 20 January 2021, Annum EPCC Sdn. Bhd. (formerly known as Billion Apex Sdn. Bhd.) ("AESB") has accepted a letter of award from HYC Properties Sdn Bhd ("HPSB"), for site clearance, hoarding and earthworks ("sub-contract works") for the proposed mixed development project located at Batang Padang, Perak, with a contract value of an approximately RM134.02 million.

On 21 January 2021, Ageson Development Sdn Bhd ("ADSB") has entered into a Memorandum of Understanding ("MOU") with AESB, to appoint AESB as the main contractor to undertake and complete main building and infrastructure works for a proposed mixed development project on a parcel of development land measuring 7,395 square metres at Batu Ferringgi, Pulau Pinang, with a contract value of RM120.0 million.

The Group have obtained the shareholders' approval for the proposed diversification of the principal activities of the Group to include the construction, project management and related activities at the recent extraordinary general meeting.

Coronavirus (COVID-19) pandemic and state of emergency

The COVID-19 pandemic has impacted significantly on the global and domestic economies and it is expected to have an adverse impact on the results of the Group and the Company for the financial year ended 31 December 2021. However, at this juncture, management is unable to reliably estimate the financial impact arising from thos unprecedented circumstances. The Group and the Company are implementing timely and appropriate measures to minimise the impact.

A state of emergency has been declared in Malaysia by the King, Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, effective from 11 January 2021 to 1 August 2021, to tackle the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

34. DISCONTINUED OPERATION

	Group 2021 RM	Group 2020 RM
Discontinued operations		
Revenue	-	11,031,266
Cost of sales	-	(9,736,948)
Gross profit	-	1,294,318
Other operating income	-	1,465,188
Selling expenses	-	(371,826)
Administrative expenses	-	(1,345,130)
Profit from operations	-	1,042,550
Finance costs	-	(101,518)
Profit before taxation	-	941,032
Taxation	-	-
Profit after taxation	-	941,032
Attributable to:		
Equity holders of the Company	-	941,032
Non-controlling interest	-	-
	-	941,032
Cash flows generated from/(used in) discontinued operation		
Net cash used in operating activities	-	(1,951,463)
Net cash used in investing activities	-	(3,714,927)
Net cash generated from financing activities	-	7,597,713
Net cash flows for the year	-	1,931,323
Effect of disposal on the financial position of the Group		
Property, plant and equipment	-	6,589,662
Inventories	-	1,471,803
Trade and non-trade receivables	-	2,604,367
Cash and bank balances	-	4,346,635
Total assets classified as discontinued operation	-	15,012,467
Borrowings	-	1,359,186
Trade and non-trade payables	-	8,427,713
Total liabilities classified as discontinued operation	-	9,786,899
Net assets	-	5,225,568

In previous financial year, the Board of Directors of Annum Berhad has announced that the Company had entered into the sales and purchase agreement ("SPA") with Zinton Sdn Bhd ("Purchaser") for the disposal of the Sale Shares, representing its entire equity interest in Poly-Ply Industries Sdn. Bhd for a cash consideration of RM9.1 million subject to the terms and conditions as set out in the SPA. All conditions precedent in respect of the disposal pursuant to the SPA have been met on 4 December 2020. The disposal was deemed completed on 11 December 2020 following the transfer of the Sale Shares to the Purchaser on the said date.

The disposal was deemed as a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") by virtue of Lin, Kai-Min being the Director of the Purchaser as well as his interest as a substantial shareholder of the Purchaser. As at the reporting date, Lin, Kai-Min was also the Managing Director and a major shareholder of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. SUBSEQUENT EVENTS

On 7 January 2022, Mercury Securities Sdn. Bhd. ("Mercury Securities") had, on behalf of the Board, announced that the Company proposed to undertake a private placement of up to 22,500,000 new ordinary shares in the Company ("Annum Shares" or "Shares"), representing 30% of the existing total number of issued Shares, to independent third-party investor(s) to be identified and at an issue price to be determined and announced later ("Placement Shares") ("Proposed Private Placement").

On 9 February 22, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had approved the listing and quotation of up to 22,500,000 shares to be issued pursuant to the Proposed Private Placement.

Annum had on 17 January 2022 announced that upon the expiry of the 18 months from the PN17 Relief Announcement on 15 January 2022, the Company has re-assessed its PN17 condition based on the latest quarterly report on consolidated results for the financial period ended 30 September 2021 as announced on 18 November 2021.

Based on the re-assessment, the Board of Directors of Annum wish to announce that the Group no longer trigger any of the PN17 Criteria and hence no longer requires the PN17 Relief with immediate effect.

LIST OF PROPERTIES

	Company owned	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure from/to	Approximate Age of Building	NBV @ 31/12/2021
1	CPSB	TL 077523678 9.1KM, Jalan Batu Sapi 90000 Sandakan Sabah	8.1	Industrial land with plywood factory and ancillary buildings	352,713	Leasehold 99 years (expiring 31.12.2068)	28	1,128,641
2	CPSB	TL 077523687 8.5KM, Jalan Batu Sapi 90000 Sandakan Sabah	2.84	Industrial land with plywood factory and ancillary buildings	123,710	Leasehold 99 years (expiring 31.12.2068)	33	1,299,687
3	ISB	TL 077517081 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	5.91	Industrial land with plywood factory and ancillary buildings	257,345	Leasehold 99 years (expiring 31.12.2073)	32	1,121,718
4	ISB	TL 077526599 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	4.37	Industrial land with plywood factory and ancillary buildings	190,287	Leasehold 99 years (expiring 31.12.2068)	32	855,574
5	ISB	TL 077528039 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	0.73	Industrial land with plywood factory and ancillary buildings	31,787	Leasehold 99 years (expiring 31.12.2068)	32	143,452
6	ISB	TL 077537841 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	7.18	Industrial land with log conditioning shed	312,646	Leasehold 55 years (expiring 31.12.2033)	–	181,725

LIST OF PROPERTIES
(cont'd)

	Company owned	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure from/to	Approximate Age of Building	NBV @ 31/12/2021
7	ISB	Lease No.077521183 Lease No.077521192 Lease No.077521209 Lease No.077521218 Lease No.077521281 Lease No.077521290 Lease No.077521361 Lease No.077521370 Lease No.077521389 Lease No.077521398 Lease No.077521405 Lease No.077521414 Lease No.077521423 Lease No.077521432 Lease No.077521441 Lease No.077521450 Lease No.077521469 Lease No.077521478 Lease No.077521487 Lease No.077521496 Lease No.077521503 Lease No.077521512 Lease No.077521763 Lease No.077521772 Lease No.077521781 Lease No.077521790 Lease No.077521807 Lease No.077521816 Lease No.077521825 Lease No.077521834 Lease No.077521843 Lease No.077521852 Lease No.077521861 Lease No.077521870 Lease No.077521889 Lease No.077521898 Lease No.077521905 Lease No.077521914 Lease No.077521923 Lease No.077521932 Lease No.077521941 Lease No.077521950 Lease No.077521969 Lease No.077521978 Lease No.077521987 Lease No.077521996 Lease No.077522000 Lease No.077522019 Lease No.077522028 Lease No.077522037 Lease No.077522046 Lease No.077522055 Lease No.077522064 Lease No.077522073	10.32	Vacant	–	Leasehold 99 years (expiring 24.05.2064)	–	1,073,100

LIST OF PROPERTIES
(cont'd)

Company owned	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure from/to	Approximate Age of Building	NBV @ 31/12/2021
	Lease No.077522082 Lease No.077522091 Lease No.077522108 Lease No.077522117 Lease No.077522126 Lease No.077522135 Lease No.077522144 Lease No.077522153 Lease No.077522162 Lease No.077522171 Lease No.077522180 Lease No.077522199 Lease No.077522206 Lease No.077522215 Lease No.077522224 Lease No.077522233 Lease No.077522242 Lease No.077522251 Lease No.077522260 Lease No.077522279 Lease No.077522288 Lease No.077522297 Lease No.077522304 Lease No.077522313						

ANALYSIS OF SHAREHOLDINGS
(Based on Register of Depositors as at 31 March 2022)

SHARE CAPITAL

Total Issued Share	:	97,500,000
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
(Based on Register of Depositors as at 31 March 2022)

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	83	3,281	0.0034
100 to 1,000	918	324,894	0.3332
1,001 to 10,000	1,268	6,257,825	6.4183
10,001 to 100,000	506	14,800,700	15.1802
100,001 to less than 5% of issued holdings	61	76,113,300	78.0649
5% and above of issued holdings	0	0	0
Total	**2,836**	**97,500,000**	**100.00**

DIRECTORS' SHAREHOLDINGS
(Based on Register of Directors' Shareholdings as at 31 March 2022)

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Kenneth Chai Chuan Teong	-	-	-	-
2.	David Wong You King	-	-	-	-
3.	Lim Yun Nyen	-	-	-	-
4.	Khor Chin Meng	-	-	-	-
5.	Syed Amir Syakib Arsalan Bin Syed Ibrahim	-	-	-	-

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS
(Based on Register of Depositors as at 31 March 2022)

No.	Name	No. of Shares Held	Percentage
1.	NUSANTARA SELATAN SDN. BHD.	4,720,000	4.8410
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. (197801004114) PLEDGED SECURITIES ACCOUNT FOR CHIN KOK FOONG	4,600,000	4.7179
3.	CPINTERNATIONAL NETWORKING SDN. BHD. (1314136U)	4,386,000	4.4985
4.	PSSBJAYA HOLDINGS SDN. BHD. (1329750X)	4,194,200	4.3017
5.	ASPIRASI WAWASAN SDN. BHD. (202101003160)	3,900,000	4.0000
6.	BUMI PNBC SDN. BHD. (1245635H)	3,900,000	4.0000
7.	SEJAHTERA BESTARI SDN. BHD. (202101003169)	3,700,000	3.7949
8.	HOOYA HYDROPONIC SDN. BHD. (201801040530)	3,600,000	3.6923

ANALYSIS OF SHAREHOLDINGS

(Based on Register of Depositors as at 31 March 2022) (cont'd)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS (CONT'D)
(Based on Register of Depositors as at 31 March 2022)

No.	Name	No. of Shares Held	Percentage
9.	TA NOMINEES (TEMPATAN) SDN. BHD. (268290H) PLEDGED SECURITIES ACCOUNT FOR BIDANG BARAT SDN. BHD.	3,571,000	3.6626
10.	JELAJAH UTARA SDN. BHD. (1089875W)	3,519,900	3.6102
11.	JAYAMAJU BARAT SDN. BHD. (202101002489)	3,400,000	3.4872
12.	TA NOMINEES (TEMPATAN) SDN. BHD. (268290H) PLEDGED SECURITIES ACCOUNT FOR SYNTECH VENTURE SDN. BHD.	3,000,000	3.0769
13.	TA NOMINEES (TEMPATAN) SDN. BHD. (268290H) PLEDGED SECURITIES ACCOUNT FOR INTELLIKONNECT (MALAYSIA) SDN. BHD.	2,983,700	3.0602
14.	ERA CAHAYA SDN. BHD. (202101003176)	2,947,500	3.0231
15.	POLO JASA SDN. BHD. (202101002488)	2,314,200	2.3735
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. (197801004114) PLEDGED SECURITIES ACCOUNT FOR LIEW KOK LEONG	2,300,000	2.3590
17.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (265449P) CIMB FOR UKAY ONE SDN. BHD. (PB)	2,300,000	2.3590
18.	ADDEEN TRADING SDN. BHD. (402619T)	2,000,000	2.0513
19.	ZULKIFLI BIN HUSSAIN (581003-10-5659)	1,285,000	1.3179
20.	KOON WOH (611214-10-5389)	1,179,500	1.2097
21.	CELTIC TECHNOLOGY SDN. BHD. (202101029941)	1,003,000	1.0287
22.	EDEN @ MOHD EDEN BIN MOHD ALI (540111-13-5125)	875,000	0.8974
23.	TA NOMINEES (TEMPATAN) SDN. BHD. (268290H) PLEDGED SECURITIES ACCOUNT FOR RHR HOLDINGS SDN. BHD.	800,000	0.8205
24.	TAN CHIN HOE (630105-07-5217)	687,900	0.7055
25.	YONG HUA TING (500910-08-5076)	650,000	0.6667
26.	SU MING KEAT (760218-10-5801)	610,000	0.6256
27.	TOH WAH CHONG (710604-01-6369)	594,200	0.6094
28.	GANGSA BERSATU SDN. BHD. (202101003163)	500,000	0.5128
29.	ER YAN SHUEN (711022-01-5803)	433,900	0.4450
30.	HO PO YUEN (K01643663)	370,000	0.3795
Total		70,325,000	72.128

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth (24th) Annual General Meeting ("AGM") of the Company will be held and conducted on a fully virtual basis entirely through live streaming and online remote voting via Cloud AGM Platform operated by ARB Wemeet Sdn Bhd at https://member.arbwemeet.com (Domain registration numbers with MYNIC: D1A457700) on Wednesday, 11 May 2022 at 10.00 a.m., to transact the following businesses: -

1. To receive the audited financial statements for the period ended 31 December 2021 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A**

2. To approve the payment of Directors' fees and other benefits payable of up to RM187,200 for the period from the conclusion of the 24th AGM up to the conclusion of the next AGM of the Company in year 2023. **Ordinary Resolution 1**

3. To re-elect the following Director who is retiring pursuant to Clause 123 of the Company's Constitution:

   i. David Wong You King **Ordinary Resolution 2**
   ii. Lim Yun Nyen **Ordinary Resolution 3**

4. To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

   SPECIAL BUSINESSES:
   To consider and, if thought fit, to pass the following Resolutions:

5. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 5**

   "THAT subject to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for Covid-19, issued by Bursa Securities on 16 April 2020, its subsequent letter dated 23 December 2021 on extension of implementation of the 20% General Mandate and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

   AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

6. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 6**

   "THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 18 April 2022 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

   (i) the transactions are necessary for the day-to-day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
(cont'd)

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until: -

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where: -

(a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

(b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

(a) the type of the Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with Annum Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Tan Tong Lang (MAICSA 7045482/ SSM PC NO. 202208000250)
Chong Chew Lo (MAICSA 7046627/ SSM PC NO. 201908002693)
Company Secretaries

Selangor
18 April 2022

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
(cont'd)

Notes

1. *Please refer to the Administrative Guide for the procedures to register, participate and vote remotely in the virtual meeting using Cloud AGM Platform provided by ARB Wemeet Sdn Bhd via its online website at https://member.arbwemeet.com.*

2. *A member of the Company entitled to participate and vote at this meeting may appoint up to two (2) proxies to participate and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*

3. *Where a member appoints up to two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.*

4. *Where a member 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.*

5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.*

7. *To be valid, the proxy form duly completed must be deposited at the Share Registrar's office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 25 April 2022 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this AGM.*

EXPLANATORY NOTES TO ORDINARY BUSINESS:

a) Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2021. This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
(cont'd)

EXPLANATORY NOTES TO SPECIAL BUSINESS:

Ordinary Resolution 5 – Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Act

The Company had obtained the mandate from the shareholders at the last EGM held on 8 October 2021 ("Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated. Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Companies Act 2016 from its shareholders at the forthcoming Forty-Third AGM of the Company. The 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions. The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022. The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company. The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 18 May 2021 and which will lapse at the conclusion of the Twenty-Fourth AGM.

Ordinary Resolution 6: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

ANNUM BERHAD
SINCE 1997
[Registration No. 199701030432 (445931-U)]
(Incorporated in Malaysia)

CDS Account No.	
No. of Shares Held	

FORM OF PROXY

I / We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No. / Passport No. / Company Registration No. ______________________________)

of ____

#Email address ______________________ and #Contact No. ______________________
being a member/members of **ANNUM BERHAD** ("**Company**"), hereby appoint

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		
Email Address	**Contact No.**	

and/or failing him/her

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		
Email Address	**Contact No.**	

#You are required to fill in the contact no. and email address in order to participate the Twenty Fourth ("24th") Annual General Meeting, otherwise, we are unable to register you as the participant of the meeting.

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty- Fourth (24th) Annual General Meeting ("AGM") of the Company will be held and conducted on a fully virtual basis entirely through live streaming and online remote voting via Cloud AGM Platform operated by ARB Wemeet Sdn Bhd at https://member.arbwemeet.com (Domain registration numbers with MYNIC: D1A457700) on Wednesday, 11 May 2022 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS		**FOR**	**AGAINST**
1.	To approve the payment of Directors' fees and other benefits payable of up to RM187,200 to the Directors for the period from the conclusion of the 24th AGM up to the conclusion of the next AGM of the Company in year 2023.		
2.	To re-elect Mr David Wong You King who retires pursuant to Clause 123 of the Company's Constitution.		
3.	To re-elect Mr Lim Yun Nyen who retires pursuant to Clause 123 of the Company's Constitution.		
4.	To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016		
6.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this __________ day of ______________ 2022

____
Signature(s) of member(s)

NOTES:

1. *Please refer to the Administrative Guide for the procedures to register, participate and vote remotely in the virtual meeting using Cloud AGM Platform provided by ARB Wemeet Sdn Bhd via its online website at https://member.arbwemeet.com.*
2. *A member of the Company entitled to participate and vote at this meeting may appoint up to two (2) proxies to participate and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
3. *Where a member appoints up to two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.*
4. *Where a member 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.*
5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.*
7. *To be valid the proxy form duly completed must be deposited at the Registered Office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 25 April 2022 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this AGM.*

Fold this flap for sealing

Then fold here

AFFIX

The Share Registrar of
ANNUM BERHAD
c/o **Aldpro Corporate Services Sdn Bhd**
Level 5, Block B
Dataran PHB, Saujana Resort
Section U2
40150 Shah Alam
Selangor

1st fold here

www.annumberhad.com

Go paperless to help our environment. Instantly access an online copy of this Annual Report through your mobile device by scanning this QR code.