



CN ASIA CORPORATION BHD  
(199601027090 (399442-A))  
(Incorporated In Malaysia)



# 2020

Annual Report



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# Notice of the Twenty-Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fifth (25th) Annual General Meeting ("AGM") of CN Asia Corporation Bhd will be held at **Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on Tuesday, 11 May 2021 at 10.00 a.m.** to transact the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Notes (i) below.**
2. To approve the payment of Directors' fees and benefits of RM350,000 for the period from 1 January 2021 until the next AGM of the Company. **Resolution 1**  
  
**Please refer to Explanatory Notes (ii) below.**
3. To re-elect the following Directors who were appointed during the year and retire under the Company's Constitution and being eligible, have offered themselves for re-election:  
  - (i) Dato' Sri Zulkifli Bin Abdullah **Resolution 2**
  - (ii) Datuk Seri Tan Choon Hwa **Resolution 3**
  - (iii) Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah **Resolution 4**
  - (iv) Chang Chee Ching **Resolution 5**
  - (v) Tania Scivetti **Resolution 6**
  - (vi) Nadanarajah A/L Ramalingam **Resolution 7**
  - (vii) Low Yong Heng **Resolution 8**
4. To re-appoint Messrs Ong & Wong as Auditors of the Company for the ensuing year and to authorise the Board to fix their remuneration. **Resolution 9**

### AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolution:

5. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **Resolution 10**

"THAT subject always to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, where such approval is required, the Directors be authorised and empowered under the Act to:

**Please refer to Explanatory Notes (iii) below.**

- (1) issue and allot shares in the Company; and/or
- (2) grant rights to subscribe for shares in the Company; and/or
- (3) convert any security into shares in the Company; and/or
- (4) allot shares under an agreement or option or offer,

at any time and from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares issued under this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being.

# Notice of the Twenty-Fifth Annual General Meeting (cont'd)

AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities, AND FURTHER THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held, whichever is earlier, unless such approval be revoked or varied by the Company at a general meeting.”

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

## BY ORDER OF THE BOARD

LIM PAIK GOOT (MIA 13304) (SSM PC No. 202008001525)

WONG CHOOI FUN (MAICSA 7027549) (SSM PC No. 201908002976)

GOH CHOOI WOAN (MAICSA 7056110) (SSM PC No. 201908000145)

Company Secretaries

Selangor Darul Ehsan

**12 April 2021**

## Notes:

### Members entitled to attend

1. Only depositors whose names appear in the record of depositors as at **28 April 2021** shall be regarded as members and entitled to attend, speak and vote at the meeting or appoint a proxy or proxies to attend and/or vote in his stead.

### Appointment of Proxy

2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
3. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
4. A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“SICDA”) may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialled.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Registration No. 197101000970 (11324-H)), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively online via Share Registrars’ website, TIIH Online at <https://tjih.online>. Please refer to the Administrative Notes for further information on submission via TIIH Online. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, in the case of a poll, not less than twenty-four (24) hours before the time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

# Notice of the Twenty-Fifth Annual General Meeting (cont'd)

7. By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/ service providers) collecting, using and disclosing the personal data therein under the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

## **Voting by Poll**

8. The resolution as set out in this notice of the general meeting are to be voted by-poll.

## **Registration of Members/Proxies.**

9. Registration of members/proxies attending the meeting will commence thirty (30) minutes before meeting time. Members/ proxies are required to produce identification documents for registration.

## **Explanatory Notes**

- (i) Audited Financial Statements

This Agenda is meant for discussion only under the provision of Section 340(1)(a) of the Act of which does not require shareholders' approval for the Audited Financial Statements. Hence, is not put forward for voting.

- (ii) Payment of Directors' fees and benefits

In compliance with Section 230(1) of the Act, the Company is requesting shareholders' approval for the payment of Directors' fees and benefits for the period from 1 January 2021 until the next AGM of the Company.

The payment of Directors' fees and benefits on a current year basis, calculated based on the current Board size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall. The estimated amount of RM350,000 is derived from a total of RM204,000 for FY 2021 and a total of RM146,000 for the period from 1 January 2022 until the next AGM in 2022.

- (iii) Authority to Issue Shares

The proposed Resolution, if passed, will give authority to the Directors under Sections 75 and 76 of the Act, from the date of this AGM, to issue and allot ordinary shares to such persons at any time in their absolute discretion without convening a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The Company had issued 4,992,070 new shares by way of private placement exercise under the general authority which was approved at the last AGM of which will lapse at the conclusion of this AGM. The details of the proceeds raised, status and purpose of utilisation of proceeds from the issuance of new shares are as stated in the Statement Accompanying Notice of the Annual Report 2020.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for funding future investment, working capital and/or acquisitions.

# Statement Accompanying Notice of Twenty-Fifth Annual General Meeting

Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities

## 1) Details of individuals who are standing for election (excluding directors standing for re-election) as Directors

The details of the following Directors who are standing for election are set out in the Directors' Profile and Analysis of Shareholdings of this Annual Report:

- (i) Dato' Sri Zulkifli Bin Abdullah
- (ii) Datuk Seri Tan Choon Hwa
- (iii) Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah
- (iv) Chang Chee Ching
- (v) Tania Scivetti
- (vi) Nadanarajah A/L Ramalingam
- (vii) Low Yong Heng

## 2) Statement relating to general mandate for the issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities

- (i) The Company had issued 4,992,070 new shares and raised proceeds amounting to RM1,896,987 by way of private placement exercise under the general authority which was approved at the last AGM of which will lapse at the conclusion of this AGM. The details of the status and purpose of utilisation of proceeds from the issuance of new shares are as below:-

Utilisation of proceeds	Actual proceeds raised (RM'000)	Actual utilisation up to to-date (RM'000)	Balance unutilised (RM'000)
Purchase of JBC Spare Parts	1,846	1,846	-
Expenses in relation to the 2020 Private Placement	51	51	-
Total	1,897	1,897	-

- (ii) The Board is of the opinion that the general mandate, on the issuance of new securities of not more than 20% of the total number of issued shares (excluding treasury shares), is in the best interest of the Company and its shareholders as it provides more flexibility and expeditiously to the Company in the event it needs to raise additional funds for capital expenditure, working capital and/or debt repayment amidst the current uncertain economic and financial environment given the resurgence COVID-19 infections that has yet to abate.

# Vision

To become a global manufacturer providing total containment solutions & engineering services of integrity through teamwork and innovation.





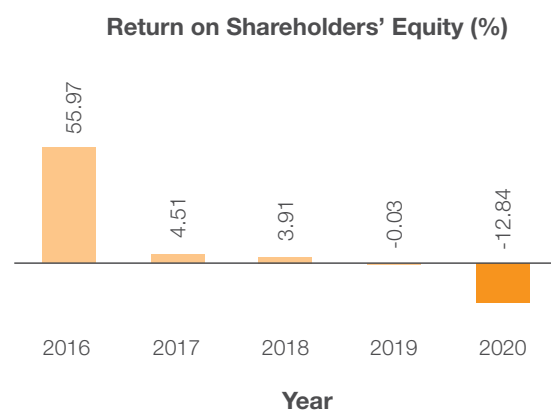
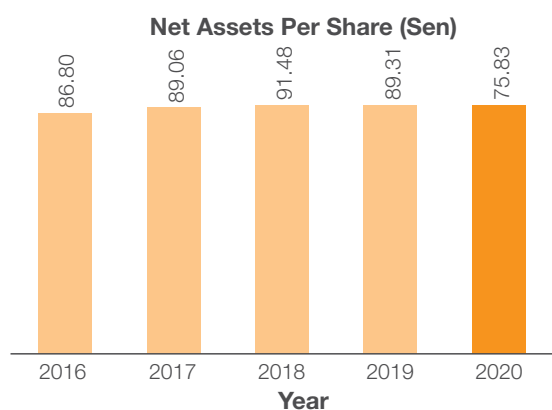
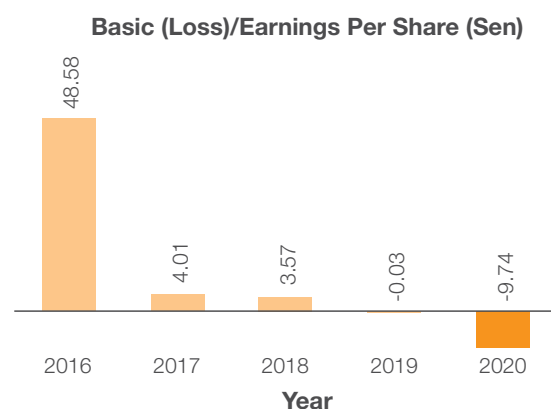
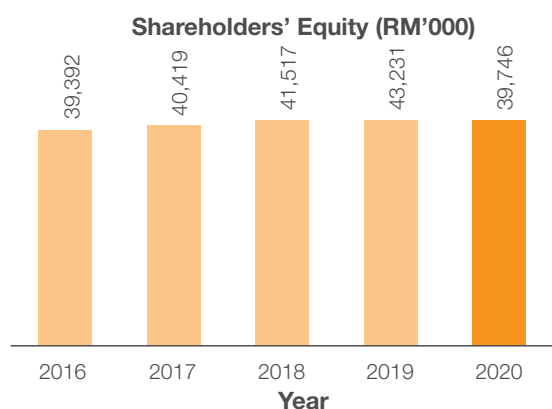
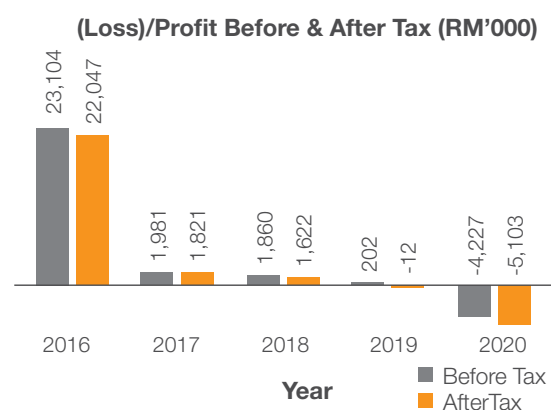
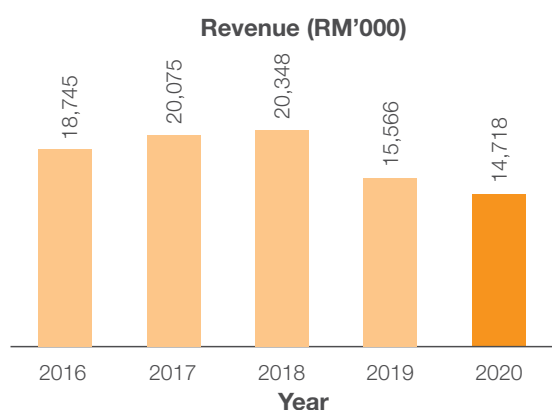
# Mission

1. To continuously improve the quality of products and services delivered to customers through better quality of containment solutions and engineering services.
2. To continuously provide employees with training and development opportunities to further enhance knowledge, develop skills and enrich the organization with skilled employees to address customers' needs and requirements.
3. To prioritize safety and environmental protection on manufacturing process and procedures in furtherance of organization policies.
4. To expand and develop into diversified markets and products in order to ensure the Company's stability into the next century.



# 5-Year Group Financial Highlights

Year	Revenue (RM'000)	(Loss)/ Profit before tax (RM'000)	(Loss)/ Profit after tax (RM'000)	Shareholders' equity (RM'000)	Basic (loss)/ earnings per share (sen)	Net assets per share (sen)	Return on shareholders' equity (%)
2016	18,745	23,104	22,047	39,392	48.58	86.80	55.97
2017	20,075	1,981	1,821	40,419	4.01	89.06	4.51
2018	20,348	1,860	1,622	41,517	3.57	91.48	3.91
2019	15,566	202	-12	43,231	-0.03	89.31	-0.03
2020	14,718	-4,227	-5,103	39,746	-9.74	75.83	-12.84



## BOARD OF DIRECTORS

**Dato' Sri Zulkifli Bin Abdullah**

(Independent Non-Executive Director)  
Chairman  
(Appointed w.e.f. 05 February 2021)

**Datuk Seri Tan Choon Hwa**

(Non-Independent Non-Executive Director)  
Deputy Chairman  
(Appointed w.e.f. 05 February 2021)

**YM Tengku Shamsulbhari Bin  
Tengku Azman Shah**

(Executive Director)  
(Appointed w.e.f. 08 January 2021)

**Chang Chee Ching**

(Executive Director)  
(Appointed w.e.f. 05 January 2021)

**Tania Scivetti**

(Independent Non-Executive Director)  
(Appointed w.e.f. 05 January 2021)

**Low Yong Heng**

(Independent Non-Executive Director)  
(Appointed w.e.f. 21 January 2021)

**Nadanarajah A/L Ramalingam**

(Independent Non-Executive Director)  
(Appointed w.e.f. 08 January 2021)

**Dato' Hilmi Bin Mohd Noor**

(Independent Non-Executive Chairman)  
(Resigned w.e.f. 05 January 2021)

**Ho Cheng San**

(Managing Director)  
(Resigned w.e.f. 08 January 2021)

**Angeline Chan Kit Fong**

(Executive Director)  
(Resigned w.e.f. 05 January 2021)

**Lee King Loon**

(Independent Non-Executive Director)  
(Resigned w.e.f. 08 January 2021)

**Ariffin Bin Khalid**

(Independent Non-Executive Director)  
(Resigned w.e.f. 21 January 2021)

**Chong Ying Choy**

(Non-Independent Non-Executive Director)  
(Resigned w.e.f. 21 January 2021)

## BOARD COMMITTEES

### AUDIT AND RISK MANAGEMENT COMMITTEE\*

**Low Yong Heng** (Chairman)

(Appointed w.e.f. 26 January 2021)

**Tania Scivetti**

(Appointed w.e.f. 26 January 2021)

**Nadanarajah A/L Ramalingam**

(Appointed w.e.f. 26 January 2021)

**Lee King Loon** (Chairman)

(Resigned w.e.f. 08 January 2021)

**Dato' Hilmi Bin Mohd Noor**

(Resigned w.e.f. 05 January 2021)

**Chong Ying Choy**

(Resigned w.e.f. 21 January 2021)

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## REMUNERATION COMMITTEE

**Datuk Seri Tan Choon Hwa** (Chairman)

(Appointed w.e.f. 24 February 2021)

**Dato' Sri Zulkifli Bin Abdullah**

(Appointed w.e.f. 24 February 2021)

**Tania Scivetti**

(Appointed w.e.f. 24 February 2021)

**Chong Ying Choy** (Chairman)

(Resigned w.e.f. 21 January 2021)

**Lee King Loon**

(Resigned w.e.f. 08 January 2021)

**Ariffin Bin Khalid**

(Resigned w.e.f. 21 January 2021)

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## NOMINATION COMMITTEE

**Tania Scivetti** (Chairperson)  
(Appointed w.e.f. 24 February 2021)

**Datuk Seri Tan Choon Hwa**  
(Appointed w.e.f. 24 February 2021)

**Nadanarajah A/L Ramalingam**  
(Appointed w.e.f. 24 February 2021)

**Dato' Hilmi Bin Mohd Noor** (Chairman)  
(Resigned w.e.f. 05 January 2021)

**Chong Ying Choy**  
(Resigned w.e.f. 21 January 2021)

**Lee King Loon**  
(Resigned w.e.f. 08 January 2021)

## RISK MANAGEMENT COMMITTEE\*

**Lee King Loon** (Chairman)  
(Resigned w.e.f. 08 January 2021)

**Ariffin Bin Khalid**  
(Resigned w.e.f. 21 January 2021)

**Angeline Chan Kit Fong**  
(Resigned w.e.f. 05 January 2021)

\*Note: The Risk Management Committee has been combined with the Audit Committee and now known as Audit and Risk Management Committee.

## REGISTERED OFFICE

Lot 7907, Batu 11, Jalan Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Malaysia  
Tel : +603-8942 6888  
+6010-205 2278  
+6010-206 2278  
Fax : +603-8942 3365

## INVESTOR RELATIONS

Kathy Lim Paik Goot  
Lot 7907, Batu 11, Jalan Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Malaysia  
Tel : +603-8942 6888  
+6010-205 2278  
+6010-206 2278  
Fax : +603-8942 3365  
Email : corporate@cnasia.com

## COMPANY SECRETARIES

**Lim Paik Goot**  
(MIA 13304) (SSM PC NO.202008001525)  
**Wong Chooi Fun**  
(MA/CSA 7027549) (SSM PC NO.201908002976)  
**Goh Chooi Woan**  
(MA/CSA 7056110) (SSM PC NO.201908000145)

## PRINCIPAL BANKERS

Public Bank Berhad  
Maybank Islamic Berhad  
United Overseas Bank (Malaysia) Berhad  
Alliance Bank Malaysia Berhad  
Hong Leong Bank Berhad

## REGISTRARS

Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel : +603-2783 9299  
Fax : +603-2783 9222

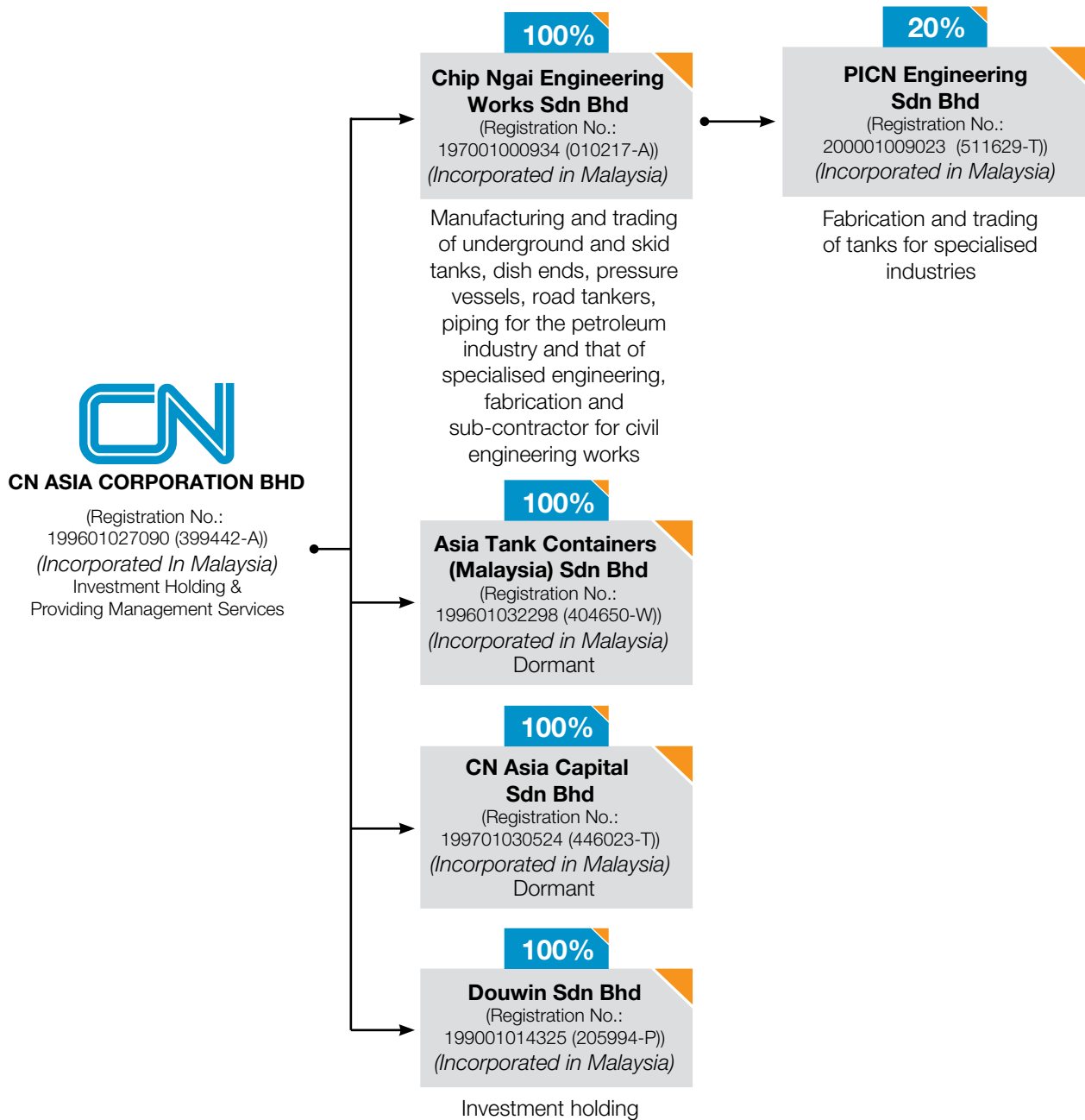
## AUDITORS

Ong & Wong Chartered Accountants Malaysia  
(Firm No.: AF 0241)  
Unit C-20-5, Level 20, Block C,  
Megan Avenue II 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia  
Tel : +603-2161 1000  
Fax : +603-2166 9131

Stock Exchange Listing  
Main Market  
Bursa Malaysia Securities Berhad  
Stock name: CNASIA  
Stock code: 7986



# Corporate Structure



# Certification and Accreditation



ISO 9001:2015



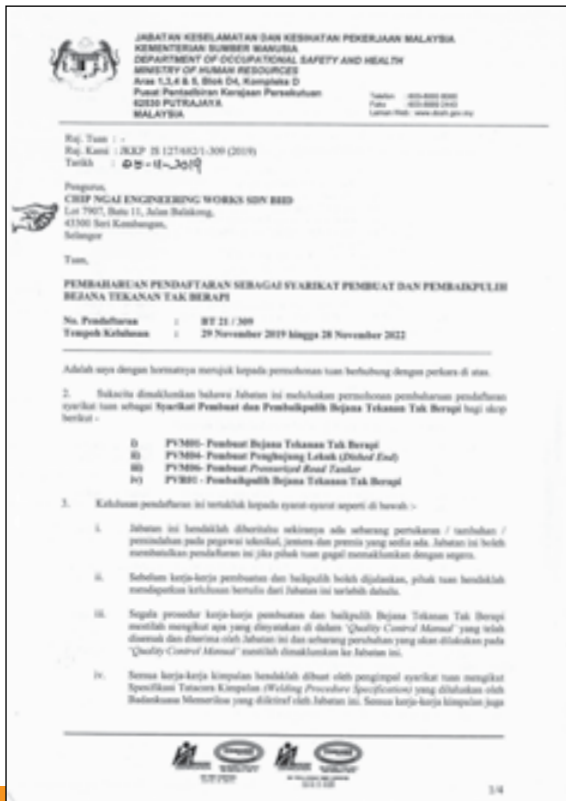
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DOSH - PRESSURE VESSEL  
& DISH END - 1/3



DOSH - PRESSURE VESSEL  
& DISH END - 2/3



DOSH - PRESSURE VESSEL  
& DISH END - 3/3



NB STAMP

# Certification and Accreditation (cont'd)



R STAMP



U STAMP



U2 STAMP



S STAMP



# Certification and Accreditation (cont'd)

SKALAH  
KUALITI

KEMENTERIAN  
PERINDUSTRIAN  
KUALITI DAN  
STANDAR  
MALAYSIA

BERSEKUTUAN  
DENGAN  
KEMENTERIAN  
PERDAGANGAN  
MALAYSIA

AKTA PENYELARASAN PERINDUSTRIAN, 1975  
LESEN PENGILANGAN  
INDUSTRIAL CO-ORDINATION ACT, 1975  
MANUFACTURING LICENCE

No. Lesen: **A 016801**  
Date of Issue: **A 016801**

PADA MENURUT AKTA PENYELARASAN PERINDUSTRIAN, 1975  
IN PURSUANCE OF THE INDUSTRIAL CO-ORDINATION ACT, 1975

Dari nombor lesen inggis: **1**  
I issue: **CRIP NGAI ENGINEERING WORKS, SDN. BHD.**  
(Particulars of Licensee's name)

untuk bersekolah sebagai PENGILANG BERSEKUTUAN pada tarikh: **1988** (Date of Issue)  
to act as LICENSED MANUFACTURER on date: **1988**

di tempat pengilangan bersekolah: **Lot 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 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1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 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1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181,**

# The Group's Business

CN Asia Corporation Bhd was incorporated in Malaysia on 23 August 1996 as an investment holding company. The main activities of the Group can be categorized under 7 divisions as follows:

## 1. Storage Tanks

Manufacturing of underground and aboveground storage tanks for the petroleum, logistics and power and general process industries for the local and global market.



Aboveground Skid Tank



Saddle Tank



API 650 Bulk Vertical Storage Tank



UL 58 Underground Double Wall Storage Tank

## 2. Metal Forming

Manufacturing of dish heads and provision of plate rolling services for the food and beverage, petrochemical, energy and heavy engineering industries worldwide.



Dish Head Pressing



Metal Plate Rolling

## 3. Transportation Equipment/Road Tankers

Design and Manufacture testing and commissioning of all types of transportation equipment such as:



Vacuum Tankers



LPG and Chemical Tankers



High Pressure Cleaner and Jetters



Desludging + Water Jetter Combination Unit



Chemical Storage Tanker



# The Group's Business (cont'd)

## 4. Pressure Vessel

Provision of engineering, procurement and construction (EPC) services for the following industries:-

**Petrochemical:** Carbon steel, clad steel and stainless steel pressure vessels and heat exchangers



Pressure Vessels



Heat Exchanger

### **Food and Beverage Plant:**

Stainless steel vessels, sterilizers and etc

### **Power Generation:**

Supply and erection of flue stacks, heat recovery steam generator (HRSG), pressure vessels and diesel storage tank

### **Bulking Terminal:**

API 620 and 650 bulk vertical storage tanks inclusive of:

- Piling Work
- Civil foundation
- Laying of pipe
- Piggings and pump system
- Loading station
- Office and warehouse



**Civil Engineering and construction is carried out in conjunction with the above products.**





## 5. Heat Treatment

Provision of heat treatment services (stress relief and normalizing) to a varied range of vessel design and fabrication codes, be they ASME, PD, AS etc complete with the necessary heat treatment reports and charts.



## 6. Hot Flanging

Provision of dish head forming of thickness up to 70 mm using hot flanging process. The pressed head is first heated to a temperature of 900 degree Celsius, taken out from the furnace and then flanged to the required knuckle radius and diameter.

## 7. Mechanical and Engineering

- a) Provision of engineering consultancy services for pressure vessel design for approval and certification from Authorities / Third Parties.
- b) Design / Manufacture and supply of all types of related steel fabrications and mechanical equipment.



# Profile of Directors

## **DATO' SRI ZULKIFLI BIN ABDULLAH**

*Independent Non-Executive Director*

- Chairman

- Aged 61
- Male
- Malaysian

Y. Bhg. Dato' Sri Zulkifli Bin Abdullah was appointed to the Board on 05 February 2021 as an Independent Non-Executive Director and Chairman of the Board. He holds a Master in Business Administration and a Degree in Mathematics from University of Cardiff, United Kingdom.

Dato' Sri Zulkifli is a former senior police officer with 36 years of experience and held several senior positions in the Royal Malaysia Police from January 1984 to August 2018. He was the Chief Police Officer of Kelantan, Perak and Kuala Lumpur, Director of Logistics, Director of Management and Director of Internal Security and Public Order Department of the Royal Malaysia Police. In August 2018, he was appointed as the Director-General of National Anti-Drugs Agency, Malaysia until his retirement from the public service with the rank of Commissioner of Police, Royal Malaysia Police in December 2020.

## **DATUK SERI TAN CHOON HWA**

*Non-Independent Non-Executive Director*

- Deputy Chairman

- Aged 64
- Male
- Malaysian

Y. Bhg. Datuk Seri Tan Choon Hwa was appointed to the Board on 05 February 2021 as a Non-Independent Non-Executive Director and Deputy Chairman. He is a businessman with 24 years of experience in various industries such as timber mining, hotel resort, housing land development, finance and investment holding.

Datuk Seri Tan is the Executive Chairman of TCH Resources Group, his family company, and also holds directorship in Wazlian Group, the Vice President of TA PAY Group as well as IBG Group. He also holds other chairmanships in several associations, President of Malaysia-China Chamber of Commerce (Kelantan Branch), Vice President of Malaysia-Guangzhou Investment Association, and Advisor to Hongkong Chamber of Commerce and ASEAN Chamber of Commerce (Thailand).

Currently, he sits on the Board of Ni Hsin Resources Berhad, Metronic Global Berhad, Inix Technologies Holdings Berhad and Jiankun International Berhad.

## **Y.M TENGKU SHAMSULBHARI BIN TENGKU AZMAN SHAH**

*Executive Director*

- Aged 63
- Male
- Malaysian

Y.M Tengku Shamsulbhari Bin Tengku Azman Shah was appointed to the Board on 08 January 2021 as an Executive Director. He graduated with a Diploma in Finance from the Institute of Cost & Executive Accountants, London. He is the director and shareholder of several private companies engaged in the business of manufacturing, logistics management and construction.

Y.M Tengku is also the advisor to the Malay Businessman and Industrialist Association of Malaysia (Selangor). His wide exposure in the business circle and network, management skills, leadership and experience is the major asset which helps to set strategic direction and goals for the Company.

Currently, he sits on the Board of APFT Berhad.

## **CHANG CHEE CHING**

*Executive Director*

- Aged 66
- Male
- Malaysian

Mr. Chang Chee Ching was appointed to the Board on 05 January 2021. He is a member of the Chartered Association of Certified Accountants (United Kingdom), a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Association of Chartered Certified Accountants and the Chartered Tax Institute of Malaysia and he is a licensed Auditor, Liquidator, Tax Agent and Company Secretary.

Between 1998 to 2004, he was the Group Managing Director of a public company, listed on the Second Board of Bursa Malaysia involved in the manufacture of packaging materials with subsidiaries in the print and packaging industry and optical fibre, servicing multi-national clientele worldwide. Between 2014 to 2016, he was appointed as an Executive Director of a company listed on the Main Board of Bursa Malaysia, principally engaged in the business of timber moulding and other related business.

After resigning as an Executive Director of the company in timber moulding and related business, he was appointed as an executive director of a small information technology company listed on the Ace Market of Bursa Malaysia, which he resigned in 2017.

Apart from the various businesses that he managed, Mr. Chang, also has extensive experience in the audits of public listed companies and Multinational Corporations, small and medium enterprises, Public and Private Companies. He is also engaged to carry out investigations, due diligent review, quality assurance reviews of internally prepared management accounts, budgets, forecasts, review of accounting procedures and internal control processes and procedures to identify risk areas and internal audit. He is also experienced in advising business start-ups and compliance with Government rules and regulations, tax compliance, planning and advisory, corporate advisory, management consulting, corporate restructuring including mergers and acquisitions.

## **TANIA SCIVETTI**

*Independent Non-Executive Director*

- Aged 47
- Female
- Malaysian

Y. Bhg. Puan Sri Tania Scivetti was appointed to the Board on 05 January 2021 as an Independent Non- Executive Director. She graduated with a Master of Laws (Cum Laude) in International Business and Trade Law from Fordham University School of Law, New York LLM since 1997. She is admitted as a Legal Practitioner of the Supreme Court since 1998, an Attorney of the New York Bar since 1999 and an Advocate and Solicitor of the Malaysian Bar since 2007.

Madam Tania is the founder and sole proprietor of Messrs Scivetti & Associates. She has 21 years of experience in criminal, white collar crime and civil litigation, corporate, commercial transactions, intellectual property and information technology. In particular, she advises on blockchain, virtual currencies, digital securities offering, IoT and artificial intelligence. She also consults on strategic, transactional and regulatory advice to a wide range of both established and emerging participants in the FinTech space.

Prior to establishing Scivetti & Associates in 2010, she was an associate lawyer with the international award winning Intellectual Property team at Corrs Chambers Westgarth, Sydney Australia. After moving to Malaysia, she was a part of Zaid Ibrahim & Co's intellectual property and information technology department.

## **LOW YONG HENG**

*Independent Non-Executive Director*

- Aged 51
- Male
- Malaysian

Mr. Low Yong Heng was appointed to the Board on 21 January 2021 as an Independent Non-Executive Director. He graduated with a Bachelor Degree of Commerce from University of Wollongong in 1993 and is a member of the Certified Practising Accountants Australia and Malaysian Institute of Accountants.

Mr. Low started his career as an auditor in Khoo, Wong and Chan and KPMG Peat Marwick from 1993 till 1997. From 1997 till 2016, he worked in various industries including trading, construction, manufacturing, logistics and property development. During his employment, he held various positions to gain his extensive experience. From 2017 till current, he works as a consultant for a few private and public companies for various type of corporate exercises in multi-disciplines.

## **NADANARAJAH A/L RAMALINGAM**

*Independent Non-Executive Director*

- Aged 76
- Male
- Malaysian

Mr. Nadanarajah A/L Ramalingam was appointed to the Board on 08 January 2021 as an Independent Non-Executive Director. He is a retired Senior Assistant Commissioner of Police and is a disciplined individual, with vast and varied experiences and knowledge in the fields of law, investigation, security related matters, training and human resource development. He graduated in 1970, majoring in History, from University of Malaya. In the same year, he also completed his Diploma of Education from the same University.

Upon graduation, Mr. Nadanarajah joined the Royal Malaysian Police as a Cadet Assistant Superintendent of Police. As a career police officer, he spent more than thirty years in the Police Force acquiring vast and varied experiences and knowledge in various fields of policing in the field of criminal investigation, training, leadership and command. He was then posted to head the Research and Development Department as Deputy Director prior to his retirement. He attended many courses, both internal by the Police Force and other external agencies. He was awarded the Panglima Setia Pasukan Polis (PSPP) and the Kesatria Mangku Negara (KMN). From 2000 to 2009, he served as the Security Manager of various companies.

# Profile of Directors (cont'd)

## Additional information:

1. Saved as disclosed, other particulars of the above directors are as follow: -

Name of Director	Interest in the securities of the company*	Family Relationships with any Director / Major Shareholder	Convictions For Offences within the past five (5) years other than Traffic Offences	Directorship in Other Public Companies and Listed Issuers
Dato' Sri Zulkifli Bin Abdullah	None	None	None	None
Datuk Seri Tan Choon Hwa	Yes	None	Yes **	Yes
YM Tengku Shamsulbhari Bin Tengku Azman Shah	None	None	None	Yes
Chang Chee Ching	None	None	None	None
Tania Scivetti	Yes	None	None	None
Low Yong Heng	None	None	None	None
Nadanarajah A/L Ramalingam	None	None	None	None

\* The securities holding of the Directors in the Company is set out in Analysis of shareholdings of this Annual Report

\*\* Datuk Seri Tan was publicly reprimanded and fine of RM7,400.00 imposed by Bursa Securities for breaching of Paragraph 16.13(b) of the MMLR of Bursa Securities on 24 May 2016 during his tenure as Director of China Stationery Limited.

2. Detailed of board committees to which the directors belong: -

Name of Directors	Board Committee (Date appointed)		
	Audit and Risk Management (Appointed on 26 Jan 2021)	Remuneration (Appointed on 24 Feb 2021)	Nomination (Appointed on 24 Feb 2021)
Dato' Sri Zulkifli Bin Abdullah	-	√	-
Datuk Seri Tan Choon Hwa	-	√ *	√
Tania Scivetti	√	√	√ *
Low Yong Heng	√ *	-	-
Nadanarajah A/L Ramalingam	√	-	√

\* *Chairman of Board Committee*

3. Other than disclosed in the financial statements of this Annual Report, the above directors have no other conflict of interest with the Group.
4. The current members of the Board has not attended any Board meeting held during the financial year ended 31 December 2020 as they were all appointed subsequent to the financial year.



# Profile of Key Senior Management

The disclosure on the particulars of the Key Senior Management of the Group is made in compliance with the requirements under Appendix 9C of Bursa Securities' MMLR:-

Name / Position	Age / Gender / Nationality	Qualification	Work Experience
Ir. Lee Lam Engineering Manager / Head of Engineering	73/ Male/ Malaysian	Bachelor of Engineering (Hons.) degree in Mechanical Engineering, University Malaya FIEM Professional Engineer	Joined in December 1999, headed various operation departments in the Group, and has more than 30 years of experiences in the sales, design and manufacture of pressure vessels and road tankers.
Lim Paik Goot Financial Controller / Company Secretary	51/ Female/ Malaysian	Bachelor of Accountancy (Hons.), University Utara Malaysia Master in Business Administration, University Putra Malaysia Member of Malaysian Institute of Accountants	Joined in May 1997 and has more than 20 years of experiences in the finance, accounting, corporate finance, management information system, legal and corporate secretarial.
Wong Ai Meng Production Manager	69/ Male/ Malaysian	Secondary school level	Joined in 1994 as a production supervisor and was promoted to the current position since July 2007. He has more than 30 years of experience in the resource allocation, planning and fabrication of the Group's products.
Quah Boon Hong Head of Purchasing/ Project Manager	34/ Male/ Malaysian	Bachelor of Engineering (Hons.) First Division, Mechanical Engineering University of Sunderland.	Joined in March 2013 as an Assistant Production Engineer and was promoted to Head of Purchasing position in June 2015 and subsequently promoted as Head of Project since 2018.
Chai Shim Yee Human Resource and Administration Manager	32/ Female/ Malaysian	Bachelor of International Business, University Tunku Abdul Rahman	Joined in May 2017 as an Assistant Human Resource and Administration Manager and was promoted to the current position in 2021. She was appointed as the Lead Auditor for the Group's ISO 9000 Quality Management System since June 2017.

## Additional Information:

Save as disclosed, none of the Key Senior Management has:-

- any directorship in public companies and listed issuers;
- any family relationship with any director and/or major shareholder of the Company;
- any conflict of interests with the Company;
- any conviction for offences within the past five (5) years other than traffic offences; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# Chairman Statement and Management Discussion and Analysis

Dear Valued Shareholders and Stakeholders

I am pleased to present to you the Annual Report and the Audited Financial Statements of CN Asia Corporation Bhd (“CN Asia” or “the Company” or “the Group”) for the financial year ended 31 December 2020 (“FYE 2020”). On behalf of the Board, I would like to record our appreciation for your sustained support of our Company, as we persevere on course with our strategic endeavours to create sustainable value for all of you. I also summarise hereunder the Management Discussion and Analysis (MD&A) with insights into CN Asia’s business operations, financial performance and expectations going into 2021.

This MD&A should be read in conjunction with the financial statements and the related notes to the Financial Statements of CN Asia for the FYE 2020. The Group reports its financial position, results of operations and cash flows in accordance with Malaysia Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia. The Group’s functional currency is in Ringgit Malaysia (“RM”) and all amounts in this MD&A are expressed in RM, unless stated otherwise.

## OVERVIEW OF GROUP’S BUSINESS AND OPERATIONS

The year 2020 has been an extremely challenging year for Malaysia and the entire world as we contended with the sudden onset of the global COVID-19 pandemic. The persistence of the US-China trade war and fluctuating crude oil prices further compounded the market difficulties brought on by the pandemic. The volatile and difficult economic and business environment resulted in a recessionary global economic outlook which inevitably affected the business during the year.

CN Asia is an investment holding company whilst the Group is primarily involved in the manufacture of steel-based products including structural steel, liquefied petroleum gas (“LPG”) vessels, tanks, road tankers and pressure vessels, as well as the provision of metal forming services. There has been no significant change in the Group’s customer base and product and services during the financial year under review except that the Group suffered unexpected delay in overall production progress due to lockdown and subsequent Movement Control Order (“MCO”) imposed by the Government as a result of the global pandemic.

During the FYE 2020, the Group’s total revenue decreased by RM0.9 million or 5.4% compared to the FYE 2019. The revenues from storage tanks, LPG and pressure vessels collectively dropped by RM5.3 million and a surge in revenue from road tanker by RM4.3 million. The main revenue contributor for the current financial year was a contract to supply road tankers abroad amounting to RM7.6 million, representing 52% of the current year’s revenue. The Group’s revenue for the current financial year reduced by 5.4% compared to the preceding corresponding year as a result of the MCO resulting in delays and deferment of delivery of goods. However, the ratio of revenue derived from domestic market and export markets was 37.0% and 63.0% respectively for FYE 2020, as compared to 68.1% and 31.9% respectively for FYE 2019.

The overall decrease in revenue was largely attributable to the slowdown in the business and lower activities in existing contracts as a result of deferment of clients’ scheduled activities owing to the COVID-19 pandemic and the continued implementation of the MCO during the end of first quarter till the second quarter and subsequently in last quarter of 2020 which has affected the production volume of the Group for the financial year. Nevertheless, there has been no significant change to the revenue stream of the Group as compared to the preceding year.

## PERFORMANCE REVIEW

### Revenue and Earnings

The Group’s revenue and profit before tax for the financial year under review and the preceding financial year are summarized as follows: -

	FYE 2020 RM’000	FYE 2019 RM’000
Revenue	14,718	15,566
Gross profit	167	3,204
(Loss)/Profit before tax	(4,227)	202
Tax expense	876	214
Loss after tax	(5,103)	(12)
Loss per share (sen)	(9.74)	(0.03)
Net assets per share (sen)	75.83	89.31

# Chairman Statement and Management Discussion and Analysis (cont'd)

The Group recorded total revenue of RM14.7 million in FYE 2020 compared to RM15.6 million in FYE 2019, representing a decreased of RM0.9 million or 5.4%. The Group's gross profit ("GP") margin decreased from 20.6% to 1.1% during the financial year under review, due to the MCO and irregular operating time.

The reduction in profit margin combined with the change in depreciation policy from reducing balance basis to straight line basis, the impairment of trade receivables and the write off of bad debts provided for during the current financial year resulted in the Group reporting a loss before tax ("LBT") of RM4.2 million compared to a profit before tax ("PBT") of RM0.2 million recorded for the preceding year, representing a decrease of RM4.4 million.

The increase in tax expense from RM0.2 million in FYE 2019 to RM0.9 million in FYE 2020 was due to the de-recognition of deferred tax assets of RM0.7 million.

The Group reported a LBT of RM4.2 million in FYE 2020 as compared to a PBT of RM0.2 million in FYE 2019, and a loss after tax ("LAT") of RM5.1 million in FYE 2020 as compared to a LAT of RM0.01 million in FYE 2019. The tax expense of RM0.9 million was on interest income earned from the placement of funds in fixed deposits amounting to RM0.2 million, taxable as a separate source of income, and derecognition of deferred tax assets of RM0.7 million.

	FYE 2020 RM'000	FYE 2019 RM'000
Selling and distribution expenses	119	168
Administrative expenses	3,947	3,544
Other operating expenses	974	89
Other income	844	942
Finance costs	187	143

There was a significant increase in the Group's expenditure during the financial year except for the decrease in selling and distribution expenses by 29.2% mainly due to the limitation to marketing effort as a result of the COVID-19 pandemic. The increase in the Group's expenditure mainly attributable to the change in depreciation method from reducing balance to straight line basis, the allowance for impairment of trade receivables and the write off of bad debts provided during the FYE 2020. Other income decreased by 10.4% mainly attributable to lower interest income as a result of low interest rate.

The Group recorded a basic loss per ordinary share ("LPS") of 9.74 sen for FYE 2020 as compared to a LPS of 0.03 sen for FYE 2019, whilst net assets per share reduced to 75.83 sen as at 31 December 2020 from 89.31 sen as at 31 December 2019. Both the basic earnings per share and net assets per share for FYE 2020 and FYE 2019 were calculated based on the weighted average number of ordinary share of 52.4 million (2019: 48.4 million), taking into consideration the effects of the increase in the issued and paid-up ordinary share capital of the Company from the Proposed Private Placement which was completed in June 2020 and May 2019 respectively.

## Assets and Liabilities

	FYE 2020 RM'000	FYE 2019 RM'000
<b>Assets</b>		
Non-current	9,876	11,802
Current	38,124	36,898
Total assets	48,000	48,700
<b>Equity and Liabilities</b>		
<b>Equity</b>	39,746	43,231
<b>Liabilities</b>		
Non-current	479	553
Current	7,775	4,916
Total liabilities	8,254	5,469
Total equity and liabilities	48,000	48,700

# Chairman Statement and Management Discussion and Analysis (cont'd)

The Group's total assets decreased from RM48.7 million as at 31 December 2019 to RM48.0 million as at 31 December 2020, representing a decrease of RM0.7 million or 1.4%. The decrease in non-current assets was mainly attributable to de-recognition of deferred tax assets and increase in depreciation expense due to a change in depreciation policy from reducing balance to straight line basis. The increase in current assets is mainly caused by increase in cash and cash equivalents from placement of funds into fixed deposits, earmarked for construction and moving costs

The Group's total liabilities increased from RM5.5 million as at 31 December 2019 to RM8.3 million as at 31 December 2020, being an increase of RM2.8 million or 50.9% attributable to the increase in bank borrowings and trade and other payables as a result of deferment of project completion attributable to the COVID-19 pandemic and the continued implementation of the MCO by the government.

The Group's current assets exceeded current liabilities by RM30.3 million (as at 31 December 2020) which indicates that the Group has adequate resources to meet its short term obligations as and when they fall due.

The Group's average inventory turnover period increased to 134 days in FYE 2020 from 121 days in FYE 2019 mainly due to the impact of deferment of delivery of finished products owing to the COVID-19 pandemic. The inventories stood at RM5.3 million as at 31 December 2020 compared to RM4.09 million as at 31 December 2019.

The Group recorded lower average trade receivables to turnover period of 39 days in FYE 2020 as compared to 52 days in FYE 2019 due to sufficient allowance for impairment of trade receivables and the write off of bad debts during the year in anticipation of further adverse impact from the world economy. Nevertheless, the Group has been actively monitoring its trade receivables and took active steps to ensure recoverability of its trade receivables. The steps taken include holding regular meetings between the finance team and the sales team to co-ordinate the monitoring and collection process. The trade receivables that are past due for more than 60 days amounted to RM0.6 million, representing 39% of the total trade receivables of the Group as at 31 December 2020, had been recovered subsequent to the financial year end. Accordingly, the total allowance for impairment of trade receivables amount to RM0.6 million and the amount written off amount to RM0.2 million for the FYE 2020.

Shareholders' equity decreased from RM43.2 million as at 31 December 2019 to RM39.7 million as at 31 December 2020, representing a decrease of RM3.5 million or 8.1%, as a result of the increase in losses in 2020 which was offset with the increase in share capital from the Proposed Private Placement completed during the year.

## Cash, Bank Balances and Borrowings

	FYE 2020 RM'000	FYE 2019 RM'000
Net Cash Used In Operating Activities	(2,137)	(927)
Net Cash Generated From Investing Activities	771	771
Net Cash (Used In)/Generated From Financing Activities	(939)	1,731
Net (decrease)/increase in Cash and Cash Equivalents	(2,305)	1,575
Cash And Cash Equivalents At End of the Financial Year	13,969	16,274

The Group's cash and cash equivalents decreased from RM16.3 million as at 31 December 2019 to RM14.0 million as at 31 December 2020, representing a drop of RM2.3 million or 14.2%. The Group continued to maintain a relatively low debt to equity ratio of 0.21 times as at 31 December 2020 as compared to 0.13 times as at 31 December 2019.

As at 31 December 2020, the Group's cash and cash equivalents and fixed deposits amounted to RM28.4 million (2019: RM27.2 million), representing 59.2% (2019: 55.9%) of its total assets.

## ANTICIPATED OR KNOWN RISKS

The Group is exposed to the risks posed by the continued uncertainty of the global COVID-19 pandemic, and also economic and geopolitical environment and the volatility of the Malaysian Ringgit against other foreign currencies. Accordingly, the Group is also exposed to several key business risks that may have adverse effects on the Group's operations and financial performance. The Group is of the view that the aforementioned risks would have a significant impact on the price competitiveness of our products and services which may in turn have material impact on the overall financial performance of the Group. In this regard, managing the price competitiveness of our products and services forms the major component of the Group's strategy to mitigate the adverse effects of the risks and to sustain its business.



# Chairman Statement and Management Discussion and Analysis (cont'd)

One of the strategies implemented to manage the competitiveness of the price of our products and services is the reorganisation of our project execution and production team in order to streamline the fabrication process as a measure to control or reduce production cost. In addition, the Group is also exploring the strategic sourcing of materials in order to achieve further cost savings. We believe that emphasising on improving the processes of project execution and production will enable us to attain greater efficiency and timeliness of delivery of our products and services, which would ultimately translate into better financial performance. The aforementioned measures are also expected to enhance our competitive advantage, thus enabling the Group to secure more orders from existing and new customers.

The Group remains committed in strengthening its core business, continue to explore and identify new opportunities and markets and deliver value to its shareholders. The Group successfully step its foot in Bangladesh with its first order secured in the fourth quarter of FYE 2019 and successfully delivered to Bangladesh by the third quarter of FYE 2020 despite some delay caused by the COVID-19 during the MCO in the first and second quarter of 2020. The Group is expected to receive recurring orders from Bangladesh in 2021.

In line with the outbreak of COVID-19 pandemic and the Government's MCO from March 2020 till May 2020, the Group has implemented a number of measures to minimize the impact of these factors on the business of the Group. These measures include allowing employees to work from home and remote access to office email to ensure the day-to-day operation of the Group remain active and at the same time remain in contact with the stakeholders through online meetings and email communications. Each employee is required to submit a weekly progress report to the human resource department on the tasks that has been executed during the reporting period. The reports will be compiled and reviewed by the management throughout the MCO period. In addition, meetings of the Board of Directors and the Board Committees were conducted via virtual meeting rooms, utilizing the available technology, as and when necessary.

The Risk Management Committee together with the Audit Committee, now merged and renamed as the Audit and Risk Management Committee, with all new members came on Board in January 2021, and the outsourced Internal Auditors continue to provide their independent oversight on the effectiveness of the Group's internal control and risk management process. The Group is confident that the risk mitigation measures implemented will help to mitigate the adverse effects to its business.

## MOVING FORWARD

### ***Proposed Acquisition and Relocation Plan***

The relocation to the proposed new manufacturing facility has been further deferred to 7 December 2022 following the extension of the Tenancy Agreement. Barring unforeseen circumstances, we do not foresee that the Group's operations will be materially affected by the relocation of manufacturing facility.

As at to-date, all Conditions Precedent of the Proposed Acquisition had been duly complied in accordance to the Sale and Purchase Agreement, pending completion of Proposed Acquisition to be announced in due course.

### ***Memorandum of Understanding***

On 7 January 2021, the Board announced that the Company had on even date entered into a Memorandum of Understanding ("MOU") with Intcys Sdn Bhd ("Intcys") to form a digital banking business consortium catering to the women market. Pursuant to the MOU, the parties agreed to co-operate to understand the Malaysian cloud market landscape and customer needs and requirements and to jointly develop market plans and strategies in relation to the business to be undertaken by the parties.

As at to-date, the parties are in the midst of developing a feasible business model and proposal in relation to the MOU including determining members of a consortium to undertake the digital banking business.

### ***Multiple Proposals***

On 23 February 2021, CN Asia proposed to undertake the following:-

- (i) proposed private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later and at an issue price to be determined later ("Proposed Private Placement");
- (ii) proposed bonus issue of up to 30,201,985 new CN Asia warrants ("Warrants") on the basis of 1 Warrant for every 2 existing CN Asia Shares held by entitled registered holders of the Shares ("Shareholders") ("Entitled Shareholders") on an entitlement date to be determined and announced later by the Board ("Entitlement Date") ("Proposed Bonus Issue of Warrants"); and

# Chairman Statement and Management Discussion and Analysis (cont'd)

- (iii) proposed establishment of a share issuance scheme ("SIS") of up to 15% of the total number of issued shares (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("CN Asia Group" or the "Group") ("Proposed SIS"),

(Collectively the "Proposals")

On 19 March 2021, the Proposals were approved by Bursa Securities.

## **Future Outlook**

The Group anticipates it will face continued challenging and uncertain economic and market conditions caused by the Covid-19 pandemic coupled with volatility of the foreign currency exchange and the oil price environment to pose challenges to the Group. As such, we remain cautiously optimistic that the demand for our products and services will not be significantly dampened in spite of the uncertain economic and market conditions. We remain focused to further strengthen our core business, improving operational efficiencies while exploring opportunities to expand the scope of products and services offered, and to expand to new markets and product segments.

During these challenging times, we shall remain committed to our customers in terms of delivering high-quality products and services on a timely basis and at competitive prices.

The Group has plan to diversify its business into other segments to strengthen its position and financial performance. The MOU entered between CN Asia with Intcys to form a digital banking business to cater for women market is part of its diversification effort moving forward.

We believe that with our reasonably robust financial position and low gearing, we are well positioned to navigate the challenging environment and remain resilient.

## **DIVIDEND**

The Board does not propose any dividend for FYE 2020.

## **ACKNOWLEDGEMENT**

First of all, I would like to express my gratitude to my predecessor of CN Asia and the other Board members that had resigned in January 2021, for the stable ship they passed on to me, and my appreciation and warm welcome to all the new Board members of CN Asia, that joined thereafter.

I am delighted to thank our valued shareholders, customers, suppliers, bankers, advisors, business associates, management, staff at all levels, the relevant authorities and government agencies for their continued support, commitment, contribution and confidence in CN Asia. My sincere appreciation also goes to the rest of our diligent Management team and our employees for their hard work, dedication, loyalty, commitment and invaluable contributions to CN Asia over the past turbulent year.

Let's continue to work hard and stay safe to achieve our goals. More importantly, we must work together as a team.

I am confident that with their continued support and commitment, the Group will be well poised to endure the challenging environment and to sustain its business for the years ahead.

**Y.Bhg. Dato' Sri Zulkifli Bin Abdullah**  
Chairman

# Audit Committee Report

Effective 26 January 2021, both the Audit Committee and Risk Management Committee had combined and known as Audit and Risk Management Committee. The primary objectives of the Committee are to assist the Board in discharging their duties and responsibilities to safeguard the Company's assets, manage the overall risk exposure of the Group, maintain adequate and integrity of financial statements, develop and maintain effective systems of internal control, fraud prevention measures, with the overall objective of ensuring that Management creates and maintains an effective risk management system in the Group.

## MEMBERS OF THE AUDIT COMMITTEE

Lee King Loon	(Chairman)	(Independent Non-Executive Director) (Resigned w.e.f. 08 January 2021)
Dato' Hilmi bin Mohd Noor	(Member)	(Independent Non-Executive Director) (Resigned w.e.f. 05 January 2021)
Chong Ying Choy	(Member)	(Non-Independent Non-Executive Director) (Resigned w.e.f. 21 January 2021)

The above directors have ceased to be members of Audit Committee following their resignation as Directors of the Company and in place, the following directors were appointed as members of the Audit and Risk Management Committee w.e.f. 26 January 2021:-

Low Yong Heng	(Chairman)	(Independent Non-Executive Director)
Tania Scivetti	(Member)	(Independent Non-Executive Director)
Nadanarajah A/L Ramalingam	(Member)	(Independent Non-Executive Director)

## MEETINGS

There were five (5) Audit Committee ("AC") Meetings held during the financial year ended 31 December 2020. The details of the members' attendances are as follows: -

Audit Committee Member	Number of Meetings Attended
Lee King Loon	5/5
Dato' Hilmi bin Mohd Noor	5/5
Chong Ying Choy	5/5

At the invitation of the Committee, the Group Financial Controller and the Company Secretaries attended all the AC meetings whilst the outsourced internal auditors, GovernanceAdvisory.com Sdn Bhd, attended the third, fourth and fifth AC Meetings during the year. The external auditors, Messrs. Ong & Wong were also invited to attend all, except the fourth AC Meetings held during the year.

# Audit Committee Report (cont'd)

## SUMMARY OF ACTIVITIES

The main activities carried out by the AC during the financial year are summarised below: -

- Reviewed the quarterly reports including the unaudited financial results of the Group to ascertain compliance with approved accounting standards, other relevant legal and regulatory requirements, and prior to recommending to the Board for approval.
- Reviewed and considered the audit planning memorandum and audit review memorandum of the external auditors for recommendation to the Board for approval.
- Reviewed the audit reports of the external auditors.
- Reviewed the annual audited financial statements of the Group and recommended to the Board for approval.
- Reviewed and considered the proposed objectives and scope of work of internal audit review carried out during the financial year ended 31 December 2020.
- Reviewed and deliberated on the internal audit reports and monitored the remedial actions taken by the Management based on the recommendation of the outsourced internal auditors.
- Assessed the performance of External Auditors and their independence, and recommended to the Board for approval.
- Assessed the performance of the external consultant for internal audit function and recommended to the Board for approval.
- Discussed and considered the audit fees of the External Auditors for the financial year ended 31 December 2020 and recommended to the Board for approval.
- Reviewed the Audit Committee Report, Additional Compliance Information and Statement on Risk Management and Internal Control, and recommended to the Board for approval for inclusion in the Company's annual report.
- Review all recurrent related party transactions of the Group for the financial year ended 31 December 2020 and recommend the same for Board's approval, if any.
- Reviewed and considered the analysis of expected credit losses on financial assets of the Group in response to COVID-19 pandemic, consider the impairment on the Group's receivables and recommend to the Board for approval.
- Reviewed and considered the impact on changes in recognition of depreciation from reducing balance basis to straight-line basis and recommended to the Board for approval.

## INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is outsourced to the external consultant, Messrs. GovernanceAdvisory.com Sdn Bhd ("GA") who reports administratively to the Executive Directors and functionally to the Audit Committee. The professional fees paid to the outsourced internal auditors during the financial year ended 31 December 2020 amounted to RM23,320 (2019: RM21,200). The scope of the internal audit covers the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls, the efficiency of operations and the quality of performance of the relevant departments in carrying out their respective assigned responsibilities. The Internal Auditors' primary function is to submit reports that highlight the risks and control weaknesses and provide appropriate recommendations for improvement to assure the senior management and the Audit Committee that the state of internal controls of the Group is satisfactory. The activities of the internal audit function during the financial year are summarised as follows: -

- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit functions.
- Performed internal audit reviews to evaluate the adequacy of the internal control system on the overall control environment within the Group.
- Performed risk-based audits on the Group's product costing management which include the product costing computation, quotation system management, product cost monitoring mechanism and safekeeping of confidential information/document of the Group to ensure that the existence and compliances of the product costing management system as well as the manner applied in achieving profitability and safeguarding the confidentiality of the Group's product costing documentation.
- Performed follow-up review on the product costing management of the Group to ensure recommendations were being carried out as proposed.
- Carried out special reviews and more detailed inquiries on issues noted during the audits and/or as requested by the management and/or Audit Committee, and issued reports accordingly to the management and/or Audit Committee, where applicable.

Further details on the internal audit functions are set out in the Statement on Risk Management and Internal Control as set out in this Annual Report.



# Corporate Governance Overview Statement

The Board of Directors of CN Asia Corporation Bhd (the “Board”) recognises that the practice of high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to safeguard the interests of the shareholders and to enhance shareholders’ value and financial performance of the Group.

The Board is pleased to report on the manner in which the Group has applied the principles and practices as set out in the new Malaysian Code on Corporate Governance 2017 which was issued by the Securities Commission and took effect immediately (the “Code”) and the extent of compliance with the Code pursuant to paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Company has disclosed the application of each principle and practice as set out in the Code to Bursa Securities in its Corporate Governance Report (“CG Report”) pursuant to paragraph 15.25(2) of the MMLR of Bursa Securities. This CG Report is made available and can be downloaded from the Company’s website at [www.cnasia.com](http://www.cnasia.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Part I - Board Responsibilities

#### 1. Board’s Leadership on Objectives and Goals

##### 1.1 Strategic Aims, Values and Standards

The vital responsibilities of the Board are to lead the Group towards its mission by providing entrepreneur leadership and direction as well as management oversight. The Board assumes the following responsibilities for the Group: -

- determining strategic planning and direction of the Group;
- overseeing the overall conduct of the Group’s business;
- identifying principal financial and non-financial risk, risk appetite and ensuring the implementation of systems to analyse, evaluate, manage and monitor risks;
- developing succession planning for the board and senior management;
- reviewing the adequacy and integrity of the Group’s internal control systems and management information systems;
- establishing goals for management and their performance;
- monitoring the achievement of these goals;
- ensuring the integrity of Company’s financial and non-financial reporting; and
- ensuring that the Company has in place procedures effective communication with stakeholders.

There is a clear division of responsibilities between the Board members to ensure that there is a balance of power and authority as well as enhance the accountability of each member. The Board is always guided by the Board Charter of which the Board’s roles, responsibilities and authorities are defined and practised ensuring the maximisation of shareholders’ value and safeguarding the stakeholders’ interests including securing sustainable long-term value creation with proper social and environmental considerations. The authorisation procedures for key processes are stated in the Group’s policies and procedures.

As part of its initiative for the effective discharge of its leadership role and enhancement of accountability, the Board has delegated specific powers to the Chairman, the Executive Directors and the following Board Committees: -

- Audit Committee\*
- Nomination Committee
- Remuneration Committee
- Risk Management Committee\*

\*Subsequent to the financial year ended 31 December 2020 (“FYE 2020”), the Audit Committee has been combined with the Risk Management Committee and now known as Audit and Risk Management Committee.

The powers delegated to each of the Board Committees are set out in the respective Terms of Reference as approved by the Board and are made available on the Company’s website at [www.cnasia.com](http://www.cnasia.com).

Notwithstanding the delegation of specific powers, the Board remains its full responsibility for the direction and control of the Group to safeguard the interests of the shareholders and to enhance shareholders’ value.

# Corporate Governance Overview Statement

(cont'd)

## 1.2 The Chairman

Dato' Hilmi, the previous Chairman of the Board, an Independent Director, was able to ensure effective conduct and performance of the Board. He also provided strong leadership leading the Board's priority more objectively in driving the focus on governance and compliance, through his primary responsibility in running and leading the discussion at the Board level.

Dato' Hilmi resigned as Director of the Company w.e.f. 05 January 2021 and replaced by Dato' Sri Zulkifli Bin Abdullah, an Independent Director was appointed as Chairman of the Board w.e.f. 05 February 2021.

## 1.3 Chairman and Executive Directors

The positions of Chairman and Executive Directors are held by two (2) distinct individuals which are in line with the recommendations of the Code. The distinct and separate roles of the Chairman and Executive Directors promote accountability and facilitate the division of responsibilities between them. The Independent Chairman leads the Board in the oversight of management whereas the Executive Directors focus on the day-to-day operations and management of the Group.

Mr. Ho, the former Managing Director, with the assistance and support from the Executive Director and Key Senior Management, is responsible for managing the day-to-day management of the Company and the Group, implementing the Board's policies and decisions to achieve the short term and long term objectives as well as coordinating the development and implementation of business and corporate strategies.

Mr. Ho resigned as Director of the Company w.e.f. 08 January 2021 and replaced by YM Tengku Shamsulbhari Bin Tengku Azman Shah and Mr. Chang Chee Ching appointed as Executive Directors of the Company w.e.f. 08 January 2021 and 05 January 2021 respectively.

The respective duties and responsibilities of the Chairman and Executive Directors are set out in the Board Charter.

## 1.4 Suitably qualified and competent company secretaries

The Board is assisted by three (3) professional qualified competent Company Secretaries, they provide sound governance advice and advocate adoption of corporate governance best practices. They discharge of their functions with their attendance in the Board and Board Committees meetings and advise the Board on the Board's adherence of rules, policies and procedures in compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries, namely Ms. Lim Paik Goot is a member of the Malaysian Institute of Accountants ("MIA"), Ms. Wong Chooi Fun and Ms. Goh Chooi Woan, are both members of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries have attended training and seminars conducted by Companies Commission of Malaysia, MAICSA, MIA and Bursa Securities to keep abreast themselves with the relevant updates and development of the MMLR, compliance with Capital Markets and Services Act 2007 (Amendment 2018) and Companies Act 2016.

The Company Secretaries also ensures that there is good information flow within the Board and between the Board, Board Committees and Key Senior Management. The Company Secretaries are also entrusted with recording the Board's deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board and Board Committees meetings are distributed to the Directors before the meetings for their perusal before confirmation of the minutes at the commencement of the next Board and Board Committees meetings.

The Board has full and unlimited access to the Company Secretaries who are always available to provide the Directors with the appropriate advices and services.

The Company Secretaries attended all Board and Board Committees meetings to record deliberations, issues discussed and conclusions in discharging their duties and responsibilities and also advise the Board on matters relating to the relevant rules and regulations that govern the Company.

# Corporate Governance Overview Statement

(cont'd)

## 1.5 Access to information and advice

All members of the Board have full and unrestricted access to any information about the Company, the advices and services of the Company Secretaries, Key Senior Management and external independent professional advisers may be engaged, where necessary, with approval from the Board or the Board Committees, at the Company's expense to enable the Board to discharge their duties. The meeting materials including agenda and Board papers which are complete and accurate had been circulated to all Directors before the Board meetings to enable the Directors to obtain and access further information and clarification to be well informed of the matters before the meetings for consideration.

The Board is updated with the new amendments and updates on the regularisations from the authorities from time-to-time as and when occurred by circulating through emails, meetings, briefing and hard copy, whichever deemed appropriate and applicable.

In addition, the Board is notified of any corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities through the Company Secretaries.

The decisions made at the Board and Board Committees meetings are also communicated to the Management promptly to ensure appropriate execution.

The deliberations and conclusion of issues discussed in the Board and Board Committees meetings are duly recorded in the meetings. The draft of which is circulated for Board and Board Committees' review within a reasonable timeframe after the meeting.

## 2. Demarcation of Responsibilities

### 2.1 Board Charter

The Board is guided by the Board Charter which set out the roles and responsibilities of the Board, Chairman, Executive Directors and Board Committees. The Board has adopted the Board Charter, and the objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities as a member of the Board and that the relevant legislation and the principles and practices of good Corporate Governance are applied in discharging their duties and responsibilities.

The Board Charter will be reviewed periodically and updated by the Board to ensure it is kept up-to-date with changes in regulations and best practice and ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Board Charter is available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

## 3. Good Business Conduct and Corporate Culture

### 3.1 Code of Ethics and Conduct

The Code of Ethics and Conduct ("COE") has been put in place for all Directors and employees of the Group as a guide in discharging their duties and responsibilities by demonstrating healthy corporate culture, good judgment transparency, fairness and honesty as well as loyalty and ethics in the conduct of its business that are aligned with best practices and applicable laws, rules and regulations.

This COE has been adopted and reviewed periodically by the Board. It is made available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

### 3.2 Whistleblowing Policy

The Company believes that the in place of the Whistleblowing Policy will facilitate and encourage disclosure of genuine concerns about any possible violations and improprieties in matters related to financial reporting, compliances and other malpractices committed within the organisation. Should any employees have information regarding the violation or improprieties, he/she should report the matter immediately to the line manager, higher management or the Board. All reports or complaints of this nature shall be treated strictly confidential unless otherwise required disclosure by the law or court order.

The Whistleblowing Policy will be reviewed periodically by the Board to ensure it is in line with the relevant laws and legislations. It is made available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

# Corporate Governance Overview Statement

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## 3.3 Anti-Bribery and Corruption Policy

The Company has established its Anti-Bribery and Corruption ("ABC") Policy during the FYE 2020 to observe and uphold the position in the case of bribe, corruption, gifts, facilitation payment and kickbacks. The objectives of this policy are to ensure that the Board, all employees and officers of the Group comply with the anti-bribery and corruption procedures and, at the same time promote integrity, transparency and avoid conflict of interest in accordance with the Group's principles of good corporate governance.

The ABC policy shall be reviewed periodically by the Board to ensure it remains consistent with the Company's objectives and conform with applicable laws and legislations. This policy is made available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

## Part II - Board Composition

### 4. Board's Objectivity

#### 4.1 Composition of the Board

Previously, the Board has six (6) members who have resigned from the Boards of which 50% of the members are independent directors and the members were as below: -

Name of Directors	Designation	Independent
Dato' Hilmi Bin Mohd Noor	Independent Non-Executive Chairman	Yes
Ho Cheng San	Managing Director	No
Angeline Chan Kit Fong	Executive Director	No
Lee King Loon	Independent Non-Executive Director	Yes
Ariffin Bin Khalid	Independent Non-Executive Director	Yes
Chong Ying Choy	Non-Independent Non-Executive Director	No

Currently, the newly appointed Board comprises of seven (7) members as set out below: -

Name of Directors	Designation	Independent
Dato' Sri Zulkifli Bin Abdullah	Independent Non-Executive Chairman	Yes
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Deputy Chairman	No
Y.M Tengku Shamsulbhari Bin Tengku Azman Shah	Executive Director	No
Chang Chee Ching	Executive Director	No
Tania Scivetti	Independent Non-Executive Director	Yes
Low Yong Heng	Independent Non-Executive Director	Yes
Nadanarajah A/L Ramalingam	Independent Non-Executive Director	Yes

The four (4) Independent Directors representing approximately 57% of the Board demonstrates independence of judgement and ensure board decision are made objectively in the best interests of the Company.

The Independent Directors provide check and balance for the effective and efficient functioning of the Board.

In the event of any vacancy, resulting in less than two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors, the Company must fill the vacancy within three (3) months.

Together, the Directors with their different backgrounds and specialisation, collectively bring with them a wide range of business, management, financial, laws and technical experiences. The profile of each Director is set out in this Annual Report.



# Corporate Governance Overview Statement

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## 4.2 Tenure of Independent Director

The Company has amended its Constitution to be in line with the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director re-designated as Non-Independent Director. In the event the Board intends to retain the Director as Independent after the Independent Director has served a cumulative term of nine (9) years, the Board must justify the decision and seek for annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process. In order to ensure independent and objective judgment is brought to the Board's deliberation by genuine independence of the Independent Directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure the independence of the Independent Directors are assessed by the Nominating Committee before their appointment based on formal nomination and selection process with the results of the review reported to the Board for consideration and decision.

The previous Independent Chairman who has served the Board for a tenure of more than nine (9) years, namely Dato' Hilmi Bin Mohd Noor, has resigned as Director on 05 January 2021. The Independent Directors of the current Board, namely Dato' Sri Zulkifli Bin Abdullah, Madam Tania Scivetti, Mr. Low Yong Heng and Mr. Nadanarajah A/L Ramalingam are newly appointed, thus does not exceed a cumulative term of nine (9) years.

## 4.3 Policy of Independent Director's Tenure

The Company does not have a policy which limits the tenure of its Independent Directors to nine (9) years. The shareholders' approval will be obtained at the Annual General Meeting in the event of retainment of Independent Directors who has served the Board for a cumulative term of more than nine (9) years to continue to serve as Independent Directors.

## 4.4 Diverse Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board has in place a set of directors' selection criteria for use in the selection and recruitment process. This set of criteria will be used as a reference by the Group's Human Resource department for the selection and recruitment of Senior Management of the Group. The Profile of Directors and the Senior Management Team are set out in this Annual Report.

## 4.5 Gender Diversity Policy

The Board is supportive of the gender diversity in the boardroom as recommended by the Code. In considering Board appointment, the Board, through its Nomination Committee, believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Madam Tania Scivetti has succeeded Madam Angeline Chan Kit Fong as the one (1) female director on Board, representing 14.3% female participation on the Board.

The Board does not have a specific policy on setting for female participation on Board. Nevertheless, the Board is committed to provide fair and equal opportunities, through its Nomination Committee, in considering gender diversity to achieve the optimum composition of the Board.

The Board, through the Nomination Committee, will continue to observe the female participation in the Board and will take steps towards formalising such policy, targets and measures to reflect company commitment towards gender diversity.

## 4.6 New Candidates for Board Appointment

There is no new appointment of director during the financial year under review except for the appointment of the new Board members subsequent to the financial year.

The Nomination Committee is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.

The Nomination Committee will assess candidate's suitability based on a set of criteria as set out in the Criteria for Selection of Directors established and approved by the Board.

# Corporate Governance Overview Statement

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The Board does not solely rely on recommendations from existing Board members, management and major shareholders in identifying suitable candidates. It is also open to referrals from external independent sources available, such as industry and professional associations, Financial Institution Directors Education ("FIDE") Forum and independent search firms to identify suitably qualified candidates, when necessary.

## 4.7 Nomination Committee

The Nomination Committee is chaired by an Independent Director or the Senior Independent Director. They are tasked by the Board to amongst others, identify, assess and recommend to the Board suitably qualified candidates for appointment to the Board and Board Committees, re-election and re-appointment of Directors, and review the independence of Independent Directors, considering the Board's succession planning and training programmes as well as performing a formal assessment of the effectiveness of individual Directors and the annual appraisal of the Executive Directors' performance based on the selected performance criteria. In addition, the Committee is also tasked to review the required mix skills, experiences and other qualities, including core competencies of the members of the Board.

The previous Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors and have ceased to be the members of the Nomination Committee following their resignation as Directors of the Company. The members are: -

Name of Directors	Directorate	Designation
Dato' Hilmi Bin Mohd Noor	Independent Non-Executive Director	Chairman
Lee King Loon	Independent Non-Executive Director	Member
Chong Ying Choy	Non-Independent Non-Executive Director	Member

The current Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors and the members are as follows: -

Name of Directors	Directorate	Designation
Tania Scivetti	Independent Non-Executive Director	Chairperson
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	Member
Nadanarajah A/L Ramalingam	Independent Non-Executive Director	Member

The Terms of Reference of the Nomination Committee is being reviewed, updated and adopted at a Board meeting held during the financial year. It is made available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

## 5. Overall Board Effectiveness

### 5.1 Annual Evaluation

During the Nomination Committee meeting held during the financial year, an evaluation was carried out through a set of questionnaires with the results collated, summarised and reported to the Board by the Chairman. The Board, through the recent review and assessment of the Nomination Committee, confidently believe that the size and composition of the Board are appropriate, balance and that there is an appropriate mix of skills, experiences and expertise as well as a core competency to discharge its duties effectively.

The current criteria for an annual assessment of Directors are outlined in the Director's Evaluation Form. The effectiveness of the Board is assessed in the areas of Board size, a mix of composition, the conduct of Board meeting, Boardroom activities and Directors' skills set matrix. The Board Committees are assessed based on their roles and scope of work, the supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their duties.

# Corporate Governance Overview Statement

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In the case of individual Directors, peer and self-assessment is carried out to evaluate their strategic direction, ethical and values are driven, knowledgeable, diligent, team player and personal development, such as ability to give constructive suggestions and assertive in expressing their viewpoint, provide a logical and honest opinion on issues deliberated, maintain confidentiality, demonstrate objectivity and integrity in the decision making process, understand critical issues affecting the Company, offer practical and realistic advice and demonstrate a willingness to devote adequate time and effort to the Board and Board Committees. In the case of Independent Directors, they are also assessed on the level of their independence and ability to defend stand through constructive deliberation where necessary. In addition, the Directors are also being evaluated on their personal development and identified their strength and weaknesses in discharging their duties and responsibility as a member of the Board as well as continuously improving themselves to keep update to counter with the ever-changing environment.

In accordance with the Company's Constitution, newly appointed Directors shall hold office until the next following Annual General Meeting. They shall then be eligible for re-election by shareholders in the next Annual General Meeting subsequent to their appointment. The Constitution also provides that one-third (1/3) of the Board are required to retire at every annual general meeting and be subjected to re-election by shareholders and all directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

## 5.2 Time Commitment of the Board

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when necessary.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision. To facilitate Directors' planning and time management, an annual meeting calendar is discussed during the Board of Directors Meeting before the beginning of each new financial year.

During the FYE 2020, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions, appointment of external auditors, review and reorganise the Company's Board of Directors and Board Committees, remuneration of the Directors, recommendation for re-election/re-appointment of Directors at Annual General Meeting and the direction of the Group. The details of the attendance of each member of the previous Board at the Board Meetings held during the financial year are as follows:

Name of Directors	Attendance of Meetings	Percentage (%)
Dato' Hilmi Bin Mohd Noor	5/5	100
Ho Cheng San	5/5	100
Angeline Chan Kit Fong	5/5	100
Lee King Loon	5/5	100
Ariffin Bin Khalid	5/5	100
Chong Ying Choy	5/5	100

The current Board members has not attended any Board Meetings held during the financial year as they were appointed subsequent to the FYE 2020.

The following are the details of the attendance of the previous Board Committees at the Board Committees meetings held during the FYE 2020:-

### (i) Audit Committee\*

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Lee King Loon	Chairman	5/5	100
Dato' Hilmi Bin Mohd Noor	Member	5/5	100
Chong Ying Choy	Member	5/5	100

# Corporate Governance Overview Statement

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## (ii) Remuneration Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Chong Ying Choy	Chairman	1/1	100
Lee King Loon	Member	1/1	100
Ariffin Bin Khalid	Member	1/1	100

## (iii) Nomination Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Dato' Hilmi Bin Mohd Noor	Chairman	1/1	100
Chong Ying Choy	Member	1/1	100
Lee King Loon	Member	1/1	100

## (iv) Risk Management Committee\*

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Lee King Loon	Chairman	2/2	100
Ariffin Bin Khalid	Member	2/2	100
Angeline Chan Kit Fong	Member	2/2	100

\* Note: The Risk Management Committee has been combined with the Audit Committee and now known as Audit and Risk Management Committee subsequent to the FYE 2020.

The current Board Committees has not attended any Board Committees meeting held during the financial year as they were appointed subsequent to the FYE 2020.

Due to the COVID-19 pandemic and subsequent restrictions on travelling and gathering, certain Board and Committee Meetings were held by way of virtual instead of physical.

Based on the attendance record of the Board Committees meetings above, the Board is satisfied with the time commitment given by the Directors. All the Directors are following the provision of Paragraph 15.06 of the MMLR on the restriction of not holding more than five (5) directorships in listed issuers. The Directors' directorship in other listed issuers is disclosed in their respective profile. The Directors must notify the Board in a timely manner before accepting an invitation to serve on the board of another listed issuers taking into consideration any actual or apparent conflicts of interest and impairments to independence as well as time and energy necessary to satisfy the requirements of the Board and Board Committees memberships in the other listed issuers.

## 5.3 Assessment of Independent Directors

The Board, through the Nomination Committee, assesses the Independent Directors annually where the evaluation took into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

In addition, none of the Independent Directors is employees of the Company and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and believed that the Independent Directors will continue to bring independent and objective judgment to Board deliberations.



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## 5.4 Directors' Training

In view of the newly appointed Board members, all the existing Directors as at the date of this report (with the exception of YM Tengku Shamsulbhari, Datuk Seri Tan Choon Hwa and Mr. Chang Chee Ching) are required to attend the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities and the MAP is scheduled to be attended on 31 May 2021 – 2 June 2021. The Board, through the Nomination Committee, has undertaken an assessment of the training needs of each Director and the Directors will continue to undergo relevant training programmes, seminars, workshops, talks and conferences to keep abreast with new regulatory developments and relevant changes in business environment on a continuous basis in compliance with paragraph 15.08 of the MMLR of Bursa Securities.

During the FYE 2020, the former Directors, who had resigned in January 2021, have attended seminars and trainings as follows:

Name of Director	Seminar and Training Programmes	Date
Dato' Hilmi Bin Mohd Noor	● Reboot Your Business	8 December 2020
Ho Cheng San	● Reboot Your Business	8 December 2020
Angeline Chan Kit Fong	● Reboot Your Business	8 December 2020
Chong Ying Choy	● National Tax Conference 2020	25 & 26 August 2020
	● Analysis and Review of MFRS/IFRS 2020	17 & 18 Nov 2020
	● 2021 Budget Seminar	3 December 2020
	● Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	7 December 2020
	● Reboot Your Business	8 December 2020
Lee King Loon	● Financial Derivatives and Its Application in the Capital Markets	11 June 2020
	● Islamic Finance Essentials	20 July 2020
	● Reboot Your Business	8 December 2020
Ariffin Bin Khalid	● Reboot Your Business	8 December 2020

The Directors are encouraged to attend other relevant training programmes to enhance their insight of the business, improve their technical knowledge and professionalism in discharging their duties as Directors of the Company. The relevant trainings, briefings, seminars and conferences, covering topics on governance, risk management, accounting, general management and investor relations were circulated by the Joint Company Secretaries to the Board members for consideration in the aim to keep themselves updated on changes to the legislation and regulations affecting the Group.

In addition, the Directors are updated by the Company Secretaries on any changes to the statutory, corporate and regulatory requirement relating to Directors' duties and responsibilities or the discharge of their duties as Directors as and when occurred. The external auditors have also briefed the Board on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

## Part III – Remuneration

### 6. Level and Composition of Remuneration

#### 6.1 Remuneration Policy and Procedure ("RPP")

The Group's RPP sets out the procedure of determining the remunerations of directors and senior management which takes into account the demands, complexity and performance of the Group as well as skills and experience required for the position.

The objectives of this RPP are to ensure that the directors and senior management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group's desire to attract and retain the right talent and expertise with the aim to motivate the directors and senior management to achieve the Group's short-term and long-term business objectives.

The Group's RPP is adopted and will be reviewed periodically by the Board to ensure it remains effective, consistent with the Board's objectives and responsibilities and in line with the relevant laws and legislation. This RPP is made available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

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## 6.2 Remuneration Committee

The Remuneration Committee is responsible to recommend the remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully taking into consideration all relevant factors including the functions, workload and responsibilities involved. In establishing the remuneration packages and benefits for the Executive Directors, the Remuneration Committee has regarded the packages offered by comparable companies and may obtain independent advice, where necessary. The remuneration of the Executive Directors comprises a fixed salary and allowance approved by the Board, which is in line with the Group's performance, overall policy on compensation and benefits with due consideration to compensation levels.

The recommendation to the Board was made based on the results of the evaluation and review of the Committee conducted on an annual basis. The Board determines the remuneration of Executive and Non-Executive Directors. The Executive Directors are tasked to review and assess the remuneration packages of the senior management of the Group.

During the financial year, there was one (1) Remuneration Committee meeting held to review the performance and remuneration package for Executive and Non-Executive Directors, which was attended by all committee members. The remuneration package of the former Managing Director and Executive Director were approved by the Board with a recommendation from the Remuneration Committee.

The remuneration package of Non-Executive Directors will be a matter to be decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration. Fees and benefits payable to the Directors are determined by the Board with the approval from shareholders at the Annual General Meeting.

The previous Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of Independent Directors, and the members are as follows:

Name of Directors	Directorate	Designation
Chong Ying Choy	Non-Independent Non-Executive Director	Chairman
Lee King Loon	Independent Non-Executive Director	Member
Ariffin Bin Khalid	Independent Non-Executive Director	Member

The current Remuneration Committee has the same composition which comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors, and the members are as follows:

Name of Directors	Directorate	Designation
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	Chairman
Dato' Sri Zulkifli Bin Abdullah	Independent Non-Executive Director	Member
Tania Scivetti	Independent Non-Executive Director	Member

For the financial year ending 31 December 2021, the Group is proposing the fees payable to all the Directors of the Group, excluding the Executive Directors, details of which are set out in item 7.1 below.

The Remuneration Committee has written Terms of Reference which deals with its duties and authorities. This Term of Reference is adopted and periodically reviewed by the Board and is made available on the Company's website at [www.cnasia.com](http://www.cnasia.com).

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## 7. Remuneration of Directors and Senior Management

### 7.1 Directors' remuneration

The Directors' fees payable in respect of the FYE 2020 and the financial year ending 31 December 2021, which are subject to the shareholders' approval at the forthcoming Annual General Meeting, are as follows:

Name of Directors	Directorate	2021 Proposed Fees RM	2020 Fees RM
<b>Previous Board</b>			
Dato' Hilmi Bin Mohd Noor	Independent Non-Executive Director	-	65,000
Angeline Chan Kit Fong	Executive Director	-	39,000
Lee King Loon	Independent Non-Executive Director	-	45,500
Ariffin Bin Khalid	Independent Non-Executive Director	-	39,000
Chong Ying Choy	Non-Independent Non-Executive Director	-	39,000
<b>Current Board</b>			
Dato' Sri Zulkifli Bin Abdullah	Independent Non-Executive Director	63,000	-
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	33,000	-
Tania Scivetti	Independent Non-Executive Director	36,000	-
Low Yong Heng	Independent Non-Executive Director	36,000	-
Nadanarajah A/L Ramalingam	Independent Non-Executive Director	36,000	-
Total		204,000	227,500

The aggregate Directors' remuneration paid or payable to each Director of the Company for the FYE 2020 are categorised into appropriate components as follows:

#### (a) Received from the Company

Name of Director and Directorate	Fees RM	Salaries RM	Benefit-in-kind and Other emoluments RM	Total RM
<b>Executive Director</b>				
Angeline Chan Kit Fong	39,000	-	-	39,000
<b>Independent Non-Executive Director</b>				
Dato' Hilmi bin Mohd Noor	65,000	-	-	65,000
Lee King Loon	45,500	-	-	45,500
Ariffin Bin Khalid	39,000	-	-	39,000
<b>Non-Independent Non-Executive Director</b>				
Chong Ying Choy	39,000	-	-	39,000
Total	227,500	-	-	227,500

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## (b) Received on Group Basis

Name of Director and Directorate	Fees RM	Salaries RM	Benefit-in-kind and other emoluments RM	Total RM
<b>Executive Director</b>				
Ho Cheng San	-	360,000	524,372	884,372
Angeline Chan Kit Fong	39,000	150,000	31,623	220,623
<b>Independent Non-Executive Director</b>				
Dato' Hilmi Bin Mohd Noor				
Lee King Loon	65,000	-	-	65,000
Ariffin Bin Khalid	45,500	-	-	45,500
	39,000	-	-	39,000
<b>Non-Independent Non-Executive Director</b>				
Chong Ying Choy	39,000	-	-	39,000
<b>Total</b>	<b>227,500</b>	<b>510,000</b>	<b>555,995</b>	<b>1,293,495</b>

The newly appointed Board of Directors have not received any remuneration from the Company and the Group for the FYE 2020 as they are appointed subsequent to the financial year.

## 7.2 Remuneration of Top Five Senior Management

The remuneration of the top five senior management including salaries, benefit-in-kind and other emoluments for the FYE 2020 disclosed in bands of RM50,000 is as follow:

Range of Remuneration	Benefit-in-kind and Other emoluments
RM50,000 -RM100,000	1
RM100,001-RM150,000	2
RM150,001-RM200,000	1
RM200,001-RM250,000	1
<b>Total</b>	<b>5</b>

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Part I – Audit Committee

#### 8. Effective and Independent Audit Committee

##### 8.1 Chairman of Audit Committee

The previous Chairman of the Audit Committee, Mr. Lee King Loon, an Independent Director, who has resigned from the Board has been succeeded by Mr. Low Yong Heng, an Independent Director. The profile of the Chairman of Audit Committee is set out in the Profile of Directors of this Annual Report.

##### 8.2 Composition of Audit Committee

The previous Audit Committee comprises three (3) members, and all members are Non-Executive Directors, with the majority of Independent Directors. The composition of the newly formed Audit and Risk Management Committee are the same as the previous Audit Committee except all of the members are Independent Directors. None of the members was a former key audit partner of the Company's external auditors.

The members of the Audit Committee possess a variety of industry-specific knowledge, and technical as well as commercial experiences bring to bear objective and independent judgment in discharging their duties. All members of the Audit Committee are financially literate and can understand matters under the purview of the Audit Committee including the financial reporting processes of the Group.



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During the FYE 2020, the members of the previous Audit Committee undergone various training programmes, seminars, workshops and conferences to keep themselves updated with new regulatory developments and changes affecting the Group of which are detailed in item 5.1 – Directors' Training of this statement.

## 8.3 Assessment of suitability and independence of external auditors

The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The key features underlying the relationship between the Audit Committee and the external auditors are outlined in the Audit Committee's Terms of Reference made available on the Company's website at [www.cnasia.com](http://www.cnasia.com) whereas a summary of the works of the Audit Committee during the financial year is set out in the Audit Committee Report of this Annual Report.

The external auditors of the Company fulfil an essential role on behalf of the Company in giving an assurance to the shareholders and others, of the reliability of the financial statements of the Company. It is the obligation of the external auditors to bring to the attention of the Board, the Audit Committee and the Company's management any significant deficiency in the Company's systems of reporting, internal control and compliance with approved accounting standards as well as legal and regulatory requirements. The external auditors of the Company are invited to attend at least one meeting of the Audit Committee a year in the absence of the Executive Directors and management.

During the FYE 2020, there was one (1) private session held in the Audit Committee meeting between the previous Audit Committee members, the external auditors and the external company secretaries in the absence of an Independent Director, Executive Directors and Management.

The Audit Committee discusses the nature and scope of the audit, reporting obligations and audit schedule with the external auditors' prior commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to the reappointment of external auditors. During the financial year under review, the performance evaluation of the external auditors was carried out by the Audit Committee through a set of questionnaires with the answers collated, summarised and deliberated during the Audit Committee meeting and recommended to the Board for reappointment of the external auditors. In the effort to further enhance the assessment of sustainability and independence of external auditors' possess with relevant experiences and skills for such appointment, the Board has reviewed the External Auditors' Assessment Policy during the financial year to ensure that the Policy is relevant and effective.

The external auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board has received a written declaration from the external auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements, including the by-laws of the MIA.

The Terms of Reference of Audit Committee provides that any former key audit partner to be appointed as a member of the Audit Committee, a cooling-off period of at least three (3) years will be observed by the Group.

## Part II – Risk Management and Internal Control Framework

### 9. Effective Risk Management and Internal Control Framework

The Board has ultimate responsibility in reviewing the Group's risks, approving the risk management framework and overseeing the Group's strategic risk management and internal control system to safeguard shareholders' investments and the Group's assets. The Audit Committee and Risk Management Committee, which comprises a majority of Independent Directors, assist the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of the risk management and internal control of the Group.

# Corporate Governance Overview Statement

(cont'd)

The Group has outsourced the activities and function of the internal audit to external consultants that reports administratively to the Executive Directors and functionally to the Audit Committee. Details of the Group's risk management and internal control framework including the scope of work covered by the outsourced internal audit function are provided in the Statement on Risk Management and Internal Control as set out in this Annual Report.

## 10. Effective Governance, Risk Management and Internal Control Framework

The Board acknowledged that the overall responsibility in maintaining a sound risk management framework and system of internal control that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines.

The outsourced internal audit function provides the Audit Committee with periodic internal audit reports outlined the observations and recommendations to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

During the financial year under review, a self-assessment evaluation was carried out by the outsourced internal audit function to assess their performance competency, resources and independence in discharging their duties of internal audit function of the Group. Further evaluation was carried out by the Audit Committee on the performance of the outsourced internal audit function of the Group, and the results were reported to the Board and that the outcome of the assessment is as follows:-

- The outsourced internal audit team are independent and objective from the management of the Group;
- The number of resources in the outsourced internal audit team is 5;
- The name and qualification of the persons responsible for the audits are:-
  - Jason Tee – Associate Member of The Institute of Internal Auditors Malaysia ( AIIA); Bachelor of Commerce;
  - Wong Tchen Cheg – MIA; CPA; Master in Finance & Accounts; Master in International Business; and
- The internal audit function is carried out in accordance with a recognised framework.

Further evaluation was carried out by the Audit Committee on the performance of the outsourced internal audit function of the Group and the results were reported to the Board. The Board is satisfied that the outsourced internal audit has the necessary competency, experience, resources and independency to carry out its function effectively in discharging its duties of internal audit functions of the Group.

Further details of the Group's risk management and internal control framework is provided in the Statement on Risk Management and Internal Control and Audit Committee Report as set out in this Annual Report.

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

### Part I – Communication with Stakeholders

#### 11. Continuous Communication between the Company and Stakeholders

The Board recognises the importance of an effective, transparent and regular communication between the Company and its stakeholders to facilitate mutual understanding of each other's objectives and expectations. The primary modes of disseminating information on the Group's business activities, corporate activities and financial performance are the annual reports, quarterly results and any announcements on material corporate exercise, in particular, the Proposed Acquisition and Proposed Private Placement undertaken by the Company during the financial year. The Proposed Private Placement was completed in June 2020 and the Proposed Acquisition is expected to complete by second quarter of 2021.

The Board has formalised its Corporate Disclosure Policy and Procedure ("CDPP") to enable comprehensive, timeliness, accuracy and quality disclosures to the regulators, shareholders and stakeholders with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing the release of material and price sensitive information. This CDPP provided a good framework for compliance with the disclosure policies under the MMLR of Bursa Securities and set out the designated persons authorised and responsible to approve, coordinate and disclose material information to shareholders and stakeholders.

# Corporate Governance Overview Statement

(cont'd)

The Group maintains its corporate website at [www.cnasia.com](http://www.cnasia.com) for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements on a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website. Written communications are attended to within a reasonable time from the day of receipt.

## Part II – Conduct of General Meetings

### 12. Encourage Shareholders' Participation at General Meetings

The Board acknowledges the need for shareholders to be informed of the developments and performance of the Company and the Group. The distribution of annual reports, announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations.

The principal forum for dialogue with shareholders remains at the Annual General Meeting. The Annual Report together with the notice of Annual General Meeting is circulated at least twenty-eight (28) days before the meeting date to provide shareholders sufficient time to go through the Annual Report and make the necessary attendance and voting arrangement at the Annual General Meeting. Each item of special business included in the notice of the meeting will be accompanied by a full explanation on the effects of a proposed resolution.

Shareholders are encouraged to ask questions and seek clarification at the Annual General Meeting of the Company on both the resolutions being proposed and the Group's business and performance. All suggestions and comments put forth by shareholders will be noted by the Board for consideration. The Share Registrar is available to attend to matters relating to shareholders' interest during the Annual General Meeting. Alternatively, shareholders can seek additional information and divert queries to the Company through the Company's website at [www.cnasia.com](http://www.cnasia.com), which is being updated and enhanced from time-to-time to include corporate, financial as well as non-financial information.

During the last Annual General Meeting, which had been attended by all the former Directors, the former Chairman provided shareholders with a brief review of the Company's financial year's performance and operations. The Group's senior management and external auditors were also in attendance to respond to the shareholders' queries. All resolutions as set out in the Notice of Annual General Meeting were put to the vote by poll. A poll administrator was appointed to administrate, coordinate and to count the votes and a scrutineer was appointed to validate the vote cast during the Annual General Meeting. The voting decisions were then announced to the shareholders by the Chairman at the Annual General Meeting that all resolutions as set out in the Notice of Annual General Meeting were duly passed by the shareholders.

The Board is satisfied with the current Annual General Meeting programme, and there have been no major controversial issues noted with shareholders/investors during the Annual General Meeting.

The Company's General Meeting has been held within the Klang Valley at locations which are accessible by public transport and never in a remote location.

As an alternative practice, shareholders who are unable to make the journey can send a proxy in place to attend the AGM, to participate, speak and vote on their behalf.

*This statement was presented and approved by the Board on 31 March 2021.*

# Directors' Responsibilities Statement

## for Preparing the Financial Statements

The Directors are responsible for the preparation of the financial statements of the Group that give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2020 and of the results and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards, the Companies Act 2016 (the "Act") in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied these accounting policies consistently;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on a going concern basis, unless they consider that to be inappropriate.

The Directors have the responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure the financial statements comply with the provisions of the Act.

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

*This statement was presented and approved by the Board on 31 March 2021.*

## INTRODUCTION

This Sustainability Statement of the Group covers the financial period from 1 January 2020 to 31 December 2020 ("FYE 2020"), and where available, relevant data collated over three (3) financial years from FYE 2018 to FYE 2020 have been provided. This Sustainability Statement is prepared in compliance with the MMLR of Bursa Securities and guided by the Sustainability Reporting Guide issued by Bursa Securities.

## OUR COMMITMENT

The Board of Directors acknowledges the importance of maintaining good corporate governance and transparency in the Group's operations in order to create positive sustainable impact on the Group's business, its stakeholders and environment in which the Group operates, with the objective of safeguarding shareholders' interests. In our effort to deliver long term sustainable value and growth to our stakeholders, we have drawn upon our efforts to focus on the economic, environmental and social ("EES") impact of the Group's activities. Our sustainability practices encompass EES matters that are essential to the Group via stakeholder engagement, materiality assessment and continuous monitoring.

As reported herein, the Group has demonstrated its commitment towards the sustainable practices and comprehensive sustainability reporting with the adoption of a comprehensive sustainability management structure that encompasses the contribution from the entire Group as illustrated below.

The Board is ultimately responsible for ensuring that the sustainability efforts are embedded in the strategic direction of the Group and is primarily responsible for reviewing and approving the sustainability report of the Group. The Board has entrusted the Risk Management Committee ("RMC") - with the responsibility of providing risk management oversight - to support and complement its effort in reviewing, assessing and analysing the risks and opportunities within the Group and identifying the areas of business upon which the Group should focus its sustainable practices and sustainability reporting. The RMC is assisted by the Sustainability Working Committee ("SWC"), comprising key management personnel and heads of department across the Group's organisation structure. The sustainability matters are managed by various departments within the Group with the support from all staffs within the Group.

The Group's business operating units are guided by the guidelines, policies and procedures in cultivating good corporate governance, managing sustainability risks and promoting social and environmental awareness across the Group. These policies and procedures have been reviewed regularly and updated as and when applicable to ensure that they are remained effective, relevant and appropriately in line with the relevant laws and regulations.

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement forms an essential part of the overall sustainability strategy of the Group. It provides the Group with a better understanding of the way in which our activities have an impact on the EES, and an opportunity to identify sustainability risks and prospects that may not be otherwise considered by the Group. Regular stakeholder engagement denotes better relationship and values recognition with the Group's internal and external stakeholders and be more conscious of the impact or potential to impact the Group's activities.

During FYE 2020, the Group continued its effort in engaging with a wide range of stakeholder groups, which include employees, customers, suppliers, government, shareholders, investors, regulators, financial institutions, business associates, consultants and communities. Despite the constraints faced by the Group due to the COVID-19 pandemic, the Group committed to maintain responsiveness to its internal and external stakeholders and continued the stakeholder engagements in an efficient, conversant, open-minded and responsive manner through various means of communication which include interviews, dialogues, meetings, workshops and trainings and surveys using the technology advantage through online and virtual discussions, where deemed appropriate. The voices of its stakeholders are heard and ascertained with precise responses and feedback to the stakeholders in order to create a transparent and clear route on the business direction and intentions.

These engagements are essential to help the Group in identifying and prioritising the material matters, identifying risks and developing effective ways to improve and manoeuvre the Group's business. As there have been no significant change in the Group's business direction and the environment where the Group is operating, we continue to focus on the key stakeholder groups that had been identified, namely employees, customers, suppliers and government whilst taking precautionary steps to wrestle the impact of COVID-19 to its business.



# Sustainability Statement

(cont'd)

## MATERIALITY ASSESSMENT

Through the stakeholder engagement and prioritisation processes, the Group had at the same time undergone the process of materiality assessment and developed a list of matters considered material to the Group's business from the perspective of its stakeholders. During FYE 2020, the SWC carefully considered the expectations and feedback of the stakeholders, and had sought the views of the stakeholders in assessing the material matters. The list of material matters was then deliberated at length by the management prior to its inclusion in this Sustainability Report.

## MATERIAL SUSTAINABILITY MATTERS

### Economic

#### *Economic Performance*

The economic performance of the Group is the core element of the Group's ability to continue as a going concern. In response to the COVID-19 threat at the end of the first to early second quarter of 2020 when the Government first implemented the Movement Control Order ("MCO"), the Group has suspended its entire workshop operations in order to safeguard the safety, health and security of its people. The Group's economic performance during the FYE 2020 were adversely affected especially on the deliverables outside Malaysia, particularly those based in Hong Kong, Singapore, Brunei Darussalam and Bangladesh. Due to the extensive restriction in travelling abroad, the progress of the projects from these countries were affected, deliveries were postponed and in some cases cancelled. The Group managed the job progress carefully to ensure minimal disruption to the supply chain in order to adapt to the changing work environment and stabilise the Group's operation flow.

In RM'000	2018	2019	2020
Economic Value Generated			
Revenue	21,202	16,509	15,552
Economic Value Distributed			
Operating costs	14,054	9,123	14,457
Employee wages and benefits	4,346	4,088	4,614
Payments to government	666	468	439
Payments to providers of capital	68	143	187
	19,134	13,822	19,697
Economic Value Retained	2,068	2,687	(4,145)

During FYE 2020, the Group generated RM15.6 million in revenue, comprises of revenue from its operation and interests earned from fixed deposits, a 5.8% decrease from the prior year's revenue of RM16.5 million. Despite a marginal decrease in the total economic value generated, the Group total direct economic value distributed increased to RM19.7 million, representing an increase of 42.5%, as compared to RM13.8 million in FYE2019. The increase was mainly due to increase in operating costs, employee wages and benefits, and payments to providers of capital by 58.5%, 12.9% and 30.5%, respectively as compared to the preceding financial year. This financial impact was mainly triggered from the COVID-19 pandemic of which additional allowance for impairment of trade receivables and the write off of bad debts were made during the FYE 2020. The overall decrease in revenue was largely due to the slowdown in business and lower activities in existing contracts as a result of deferment of clients' scheduled activities owing to the COVID-19 pandemic and the continued implementation of the MCO in the late first quarter to second quarter of 2020 and subsequently in fourth quarter of 2020 has affected the production volume of the Group. Consequently, the Group resulted in a negative economic value retained of RM4.1 million, representing a 254.3% decrease compared to RM2.7 million recorded in FYE 2019.

#### *Procurement Practice*

The Management believes that regular engagement with its suppliers have, in some cases, fostered better business relationships, resulting in more favourable prices and credit terms offered by suppliers, which in turn had a positive impact on the financial performance of the Group.

When the Government implemented the MCO in 2020, the Group's procurement effort was under tremendous stress as the supply chain was affected during that critical moment. It has been actively sourced for alternate supply, diversify supply chain and critical supplier and sub-contractor from different geographical locations to ensure minimal interruption to the production flow. On the other hand, the Group maintain an active engagement with its sub-contractors to ensure that they can restart work immediately and make certain on the availability of their workers.

# Sustainability Statement

(cont'd)

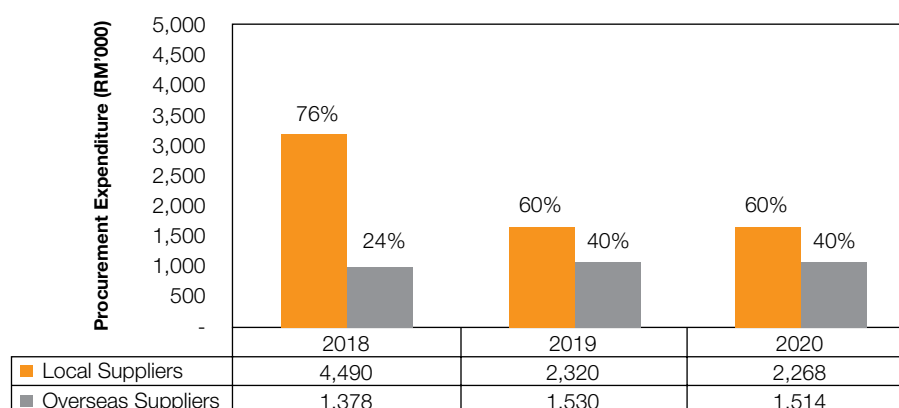
Given the established standards and principles for material procurement as prescribed in the Purchasing Procedure of the Group, CN Asia endeavour to ensure that all procurement processes are adhered to and that products and services procured conform to the specific requirements especially in the procurement of materials for the production of coded pressure vessels that must comply with the American Standards of Mechanical Engineers ("ASME"). Thus, maintaining the defined controls over procurement activities will uphold the quality of the Group's products and services. These procedures are reviewed and monitored regularly to ensure their relevancy and effectiveness in light of the Group's business activities and environment in which it operates.

In view of the critical moment, the Group carefully evaluate its new suppliers and sub-contractors to ensure their quality and deliverable of their supply. There are total seven (7) new suppliers and four (4) new sub-contractor added into the Approved Supplier List ("List") during the year. All active suppliers in the List are subjected to annual evaluations based on a set of criteria as prescribed in the Supplier Selection, Evaluation and Re-evaluation Procedure. If a supplier's performance was found to be unsatisfactory, the Head of Procurement will recommend this particular supplier to be removed from the List. Suppliers whom we have not transacted with for one year, will be classified as inactive supplier and subjected to further evaluation in deciding whether or not to retain these suppliers on the List. During the year 2020, there are twenty (20) suppliers and one (1) sub-contractor being removed from the list.

Approved Suppliers (Number)	2018	2019	2020
Active supplier	119	96	83
Active sub-contractor	52	40	43

As at 31 December 2020, there are 83 suppliers and 43 sub-contractors on the List as compared to 96 suppliers and 40 sub-contractors as at 31 December 2019. The purpose of the supplier evaluation process is to ensure that suppliers on the List fully comply with the Group's procurement processes, whilst ensuring the procurement of materials and services are obtained at a reasonable price, and that such materials and services meet the Group's requirements in terms of quantity and quality. Emphasis is also placed on the suppliers' responsiveness to inquiries and ability to deliver materials and services in a timely manner.

## Procurement Expenditure Spent on Local Suppliers and Overseas Suppliers For the FYE 2018 – 2020



The Group transacts with local suppliers as much as possible to support the domestic economy and local communities. The Group's total procurement during the FYE 2020 has been consistent with the FYE 2019, both comprised 60% domestic purchases and 40% imports despite a 5.8% decrease in the volume of business during the year.

# Sustainability Statement (cont'd)

## Environment

### Compliance with Environmental Protection Laws and Regulations

CN Asia is mindful of the possible environmental impact of its business activities and strives to minimise the potential risk and impact associated with our operations. The Group endeavours to uphold full compliance with the relevant environmental protection laws and regulations. Any non-compliance of the environmental laws and regulations may result in costly obligations and contingent liabilities that may affect the Group's ability to expand its operations or obtain/renew licenses and permits. Hence, compliance with environmental protection laws and regulations is one of our main requirements in our operations. We constantly provide trainings, briefings, dialogue sessions and discussions with our stakeholders, particularly our employees, suppliers and customers to create awareness among the stakeholders and ensure our compliance obligations are intact. During the year under review, there were neither any legal action against the Group nor any fines or monetary sanctions imposed on the Group as a result of non-compliance with the relevant environmental protection laws and regulations.

During the FYE 2020, the spike of COVID-19 infected cases and the increase number of deaths have been a major threat to the World's and Malaysia's health and safety of each individual. Following the first MCO in first and second quarter of 2020, the Group has put in place and implemented various standard operating procedures ("SOP") within the compound and educate its people to ensure compliance of the SOPs.

### Energy, Water and Paper Management

The Group is aware that energy management is important in our sustainability effort to reduce the overall environmental footprint. It is also form a major part of the utility consumed in the operation of the Group. Hence, CN Asia continues its efforts towards monitoring, analysing and optimising the consumption of energy as a means to lower our operating costs and to foster a greener environment. The Group aims to minimise its energy consumption by implementing the following measures:-

- use of electrical equipment and light fittings with energy efficient feature
- constantly remind and educate users to conserve electricity consumption
- post notice and reminder at the electricity switch
- monthly monitoring of electricity consumption

During the FYE 2020, the electricity and water consumption were 550,221 kWh and 2,997 m3 respectively, both representing a marginal increase as compared to FYE 2019. The key statistics pertaining the respectively energy consumption are tabulated below:

Performance Measure	2018	2019	2020
Electricity consumption (kWh)	630,274	539,228	550,221
Variance (%)	-6.4	-14.4	2.0
Water consumption (m3)	2,765	2,794	2,997
Variance (%)	-16.3	1.0	7.3
Paper consumption (kg)	669	651	547
Variance (%)	-45.9	-2.7	-16.0

The Group has been constantly worked towards minimising water consumption in its operations and workplace with the efforts as follows:-

- collect rain water, and recycle water used for testing of our products
- raise awareness among employees and visitors to conserve water
- monthly monitoring of water consumption and make appropriate enquiry in the case of high consumption and check if there are any signs of water leakage

In order to cultivate an environmentally friendly workplace, we have been actively promoting a paperless culture within our organisation throughout the year. The following are some of our measures to prevent unnecessary paper consumption that we continued to implement during the year:-

- Disseminating notice of meetings, reports, incoming faxes, memos, notices, statement of account, invoicing and banking instruction to banks via electronic mails
- Having group discussion via WhatsApp mobile apps, Microsoft team and etc
- Setting projector during meeting for reports presentations instead of reading from hard copy printouts
- Constantly reminding staff to use recycled paper for internal usage and to print documents in smaller font sizes

Ever since the implementation of MCO in early 2020, there are meetings and discussions internally and externally being held virtually and documents and information being shared through the screen. The Group managed to reduce paper consumption by 16.0% from 651 kg in FYE 2019 to 547 kg in FYE 2020.

## Waste Management

The Group continued with its effort to reduce material costs by optimising the usage of off-cut raw materials instead of selling it as scrap metal. By optimising the use of raw materials and reducing the wastage of raw materials, the Group was able to optimise the material consumption and eventually reduce its purchase of new raw materials. The total purchases for FYE 2020 amounted to RM3.78 million, representing a 1.8% decrease compared to total purchases of RM3.85 million recorded in FYE 2019, which was consistent with the decrease in revenue for FYE 2020 by 5.8% compared to FYE 2019. The scrap materials disposed during FYE 2020 increased to 38.9 tonnes, representing a 19.7% increase compared to 32.5 tonnes disposed in FYE 2019.

Throughout the FYE 2020 while having low operation activities, the Group has taken the opportunity to constantly clearing the compound and managed to recover some materials that were not to be used in our current operation and disposed during the reporting year. The volume of scrap material recovered and disposed in FYE 2020 amounted to 180.6 tonnes, a 2.8% higher compared to the preceding year.

Performance Measure	2018	2019	2020
Scrap material disposed (tonne)	38.7	32.5	38.9
Variance (%)	-45.5	-14.7	19.7
Scrap material recovered (tonne)	123.6	175.7	180.6
Variance (%)	100.0	42.2	2.8
No of trip of scheduled waste (number)	12	12	9
FRP waste generated (tonne)	0.7	0.6	0.8
Average FRP wastage (%)	6.6	3.9	8.0
Variance (%)	-22.2	-14.3	105.1

The Group continued to monitor the generation of fiberglass reinforced polymer ("FRP") waste from its manufacturing activities which could have an adverse impact on the environment if not disposed of responsibly and lawfully. The Group's quality objective under its ISO 9001:2015 Quality Management System ("QMS") to restrict the generation of FRP wastage to not more than 8% of total FRP material used has been continuously being monitored and reported on a month-to-month basis. The Group was able to achieve this objective with the FRP wastage of 8.0% recorded during the reporting year. During the FYE 2020, the generation of FRP waste increased to 0.8 tonne as compared to 0.6 tonne in FYE 2019. The contractor collected and disposed the FRP wastes over nine (9) trips during the reporting year.

## Social

### Employment

We value our employees and their contribution towards the Group's success. We believe in providing a conducive and safe work environment is the utmost basic element for any working class. Our aim is to uphold a dynamic organisation, promote development of our employees, fortify leadership capabilities and enhance employees' performance through strong engagement. The Group provides all employees with an equal opportunity merit-based system of performance evaluation and appraisal conducted on an annual basis. Each employee will be assessed and appraised by the respective head of department based on the employee's performance and contribution during the year. The final assessment report will be compiled by the Human Resource ("HR") department for management to consider on remuneration decision. Aside from the performance review, we also assess the employees' development needs, provide them with on-going opportunity for training and career development, and long-term career progression. We believe the aforementioned factors will help to attract and retain talented and skilled employees in the Group.

# Sustainability Statement (cont'd)

In order to embrace harmony work relationship and sense of belongings among employees towards the Group, we believe that the welfare of our employees is essential in retaining productive, trustworthy and loyal employees. The Group's employee handbook sets out relevant information on the Group's standard employment policies, and rules and administrative procedures relating to human resources. This handbook is intended to enable the employees to conveniently gain a concise understanding of the Group's HR policies and procedures to enable the employees, in particular the new employees to familiarise with the Group's work environment and to promptly adapt to the Group's work culture and practices.

HR department played an important role in maintaining a harmonious work environment, stimulating employee interaction and cultivate team work, aside from work, through regular employee gathering events to celebrate various festive occasions that are peculiar to each of the main races in the organisation. However, the restrained order imposed by the Government due to COVID-19 outbreak in 2020 has restricted the organisation of such events. Prior to the MCO, the Group managed to organise festive events to celebrate the Chinese New Year in early 2020. During the Group's annual dinner held in 2020, various programmes were planned to ensure an eventful and remembrance occasion for all employees and invited guests. Long service employees and best employees are rewarded with cash prizes and souvenirs as a token of the Group's appreciation for their service and loyalty to the Group.



The Group strives to maintain a low employee turnover rate of less than 30% as one of the objectives set forth in its ISO 9001:2015 QMS. A high rate of employee turnover can indicate uncertainty and dissatisfaction among employees which may result in low morale and sub-par performance by employees leading to a decline in productivity. The Group actively promotes career advancement for existing employees by encouraging internal promotions instead of recruiting externally.

During the year under review, the Group's employee turnover rate was 48.8%, higher than the previous year's turnover rate of 35.6% with 19 (2019: 17) new recruitments and 23 (2019: 15) resignations. As a result, the Group was not able to attain employee turnover of less than 30%. The Group's HR policy includes the conduct of exit interviews and assessments of resigned employees to gain an understanding of the reasons that led to the resignation of each employee concerned. Based on the findings from the exit interviews and assessments of resigned employees conducted during FYE 2020, we noted that 40.9% (2019: 25.0%) of resignations were due to better remuneration package offered, whilst 13.6% (2019: 37.5%) of resignations were attributable to the expiration of contracts, retirement and termination of contract, and the remaining 29.7% (2019: 37.5%) were due to personal reasons.



# Sustainability Statement (cont'd)

We also noted that 68.2% (2019: 70.0%) of employees who resigned during the reporting year were from the executive category. The highest percentage of resignations was recorded from the age group of below 30 years old, i.e. 47.8% (2019: 46.7%); and followed by age group between 31-40 years old at 30.4% (2019: 26.7%). The key demographics pertaining to the Group's employees are tabulated below:-

Analysis of workforce (Number)	2018	2019	2020
Total employees	43	45	41
By gender			
- Male	31	33	32
- Female	13	12	9
By management level			
- Senior management	8	8	7
- Executive	16	13	14
- Non-executive	19	24	20
By age group			
- <30	14	15	16
- 31-40	7	9	6
- 41-50	10	8	10
- 51-60	5	6	2
- >60	7	7	7
New hires	13	17	19
By gender			
- Male	9	13	13
- Female	4	4	6
By age group			
- <30	9	10	13
- 31-40	3	5	3
- 41-50	1	-	3
- 51-60	-	1	-
- >60	-	1	-
Resigned	12	15	23
By gender			
- Male	7	11	14
- Female	5	4	9
By age group			
- <30	6	7	11
- 31-40	3	4	7
- 41-50	1	2	1
- 51-60	2	-	2
- >60	0	2	2
Employee turnover rate (%)	27.3	35.6	48.8
Variance (%)	-15.9	30.4	37.0

## Training and Development

The Group aim to enhance employees' performance and observe continual improvement as an essential feature of employees' development and growth. We believe the sustainability of our business is highly dependent on the competency of our employees. Operating in a rapidly changing environment and volatile economic and political conditions, it is vital that our talents keeps constantly improve and keep abreast with the latest market climate and strengthen themselves with new skills and knowledge. Our systematic Training Procedures implemented under the Group's ISO 9001:2015 QMS has been continuously maintained with the objective to ensure our employees' training needs are addressed and that they attained the necessary competency levels to achieve the desired results. The Training Procedures also encompasses a systematic documentation of the training courses conducted which also involve the evaluation of the effectiveness of these training courses.

# Sustainability Statement (cont'd)

The HR and Administration Manager is responsible for the implementation and monitoring of the training programme of employees across the Group. The training needs of each employee are identified by the Heads of Department on an annual basis during the employees' appraisal. These training needs identified are compiled by the HR department to derive at the annual training plan. Thereafter, the training courses are arranged based on the training plan and modifications are made as and when deemed necessary.

As part of the Group effort in managing risk in the event of a corruption claim, the Group has established the Anti-Bribery and Corruption Policy ("Policy") during the FYE 2020 where the HR department is positioned to be the guardian to administrate the Policy. We believe that adequate procedures can help to defend corporate intents, its directors and employees. The HR department will provide advice and guidance to employees on the Policy and issues relating to bribery and corruption to ensure compliance of the Policy. The HR department shall conduct awareness programme for all its employees on the Company's position regarding anti-bribery and corruption, integrity and ethics. All records on training provided shall be maintained in accordance with the Training Procedure of the Group's ISO QMS.

Employees Training	2018	2019	2020
Total training planned (number)	13	15	13
Total training conducted (Number)	8	18	7
Total training hour (Hour)	414	1,208	288
Average training hour/employee (Hour)	9.6	26.8	7.0

During FYE 2020, there were 7 (2019: 18) training courses conducted whilst 13 (2019: 15) training courses were planned, representing 53.8% materialisation rate as compared to 120% in FYE 2019. The lower materialisation rate in FYE 2020 was mainly due to the limitation in conducting trainings during the implementation of the restraint order by the Government owing to the COVID-19 pandemic, of which two (2) of the trainings were conducted virtually.

## Customers' Satisfaction

The Group works with a variety of organisations, from oil and gas, petrochemical, sewerage, civil and steel construction industries, both local and abroad. We value our customers' support and ensure our products and services supplied to our customers meet their expectation. We conduct annual customer surveys at least once a year to ensure our products and services are customised to their needs and their expectations are met with the ultimate goal to attain customers' satisfaction. Poor customer satisfaction may affect customer retention impacting the recurrence of revenue and reputation of the Group. The results of measuring customers' satisfaction were compiled and used by the management team to enhance the overall customers' experience and improve business performance.

CN Asia's ISO 9001:2015 QMS also incorporates the compilation and analysis of customers' complaints in a systematic manner where complaints require remedial action shall be addressed urgently and documented with appropriate course of action to be taken. The customers' complaints report also form part of the customer satisfaction assessment. These reports were then presented at the scheduled Management Review Meetings convened twice a year to formulate ideas or strategies to improve customers' satisfaction. However, there was only one (1) meeting held in 2020. The key statistics pertaining to the customer satisfaction surveys are tabulated below: -

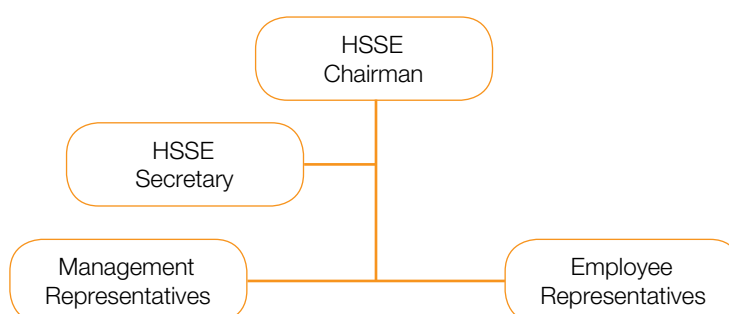
Customer Satisfaction Survey	2018	2019	2020
Customers selected for survey (Number)	62	48	35
Percentage responded on survey form (%)	16.1	14.6	17.1
Satisfaction level (%)	76.7	77.5	75.6

During FYE 2020, a total 35 (2019: 48) customers were selected for survey, out of which 17.1% (2019: 14.6%) of the selected customers responded to the survey. Based on the analysis, the Group attained an overall customers' satisfaction score of 75.6% (2019: 77.5%) in FYE 2020. However, the Group is mindful that the results of this survey may not be reflective of the degree of satisfaction of the majority of the Group's customers given the relatively low rates of response (i.e. between 14.6% to 17.1%) over the past three years. Nevertheless, the Group will continue to enhance its level of customer satisfaction which form the fundamental element of its ISO 9001:2015 QMS.

## Health, Safety and Environment (“HSE”)

The Group recognises the importance of HSE to all people associated with its business activities and places such matters high on its priority list to ensure a safe and healthy work environment for its employees, customers and contractors. The Board develops strategies to promote and strengthen its HSE culture across the Group and supports long term sustainability. The former Managing Director (“MD”) is primary responsible for the effectiveness of the HSE and risk management practices of the Group. The HSE committee is chaired by the MD who oversees the operational aspects of the HSE practices across the Group with the support of the other HSE committee members comprising of management representatives (managers) and employee representatives (executives and non-executives) from various departments including the production department.

### HSSE Organization Chart



As our business operations involve in heavy machineries and steel structures in the oil and gas industries, safety is given top priority in the entire operations. We always want to make sure that all employees, customers and subcontractors come to work safely and return home safely. Just as integrity is embedded in our work culture, occupational safety is regarded as our culture as well. Employees that are not following the procedure will be penalised and disciplinary actions shall be taken against those who violate the rules. During the FYE 2020, with the outbreak of COVID-19, the Government has imposed strict SOP, control and restraining order throughout the country with the ultimate motive to break the chain of COVID-19. We are committed to instil the new practices, cultivate positive health culture and create awareness to all employees to ensure safe and health of the employees are well-maintained particularly in preventing from infected with COVID-19.

Our HSE target is to ensure zero accident rate in the workplace and this objective has been incorporated, monitored and documented under the purview of the Group’s ISO 9001:2015 QMS. We also make sure that our employees are aware of health and safety issues through various initiatives and engagements. The requirements, measures, work rules and standard operating procedures set out in manuals, handbooks, documents issued by the Company are reviewed and updated regularly. All employees and third-party partners are expected to comply with this target as well as the Group’s health and safety standards. We comply with all applicable health and safety laws and regulations.

**All incoming visitors and employees are required to undergo the SOPs prior entering the Company premises. The human resource department has been tasked to ensure the SOPs are adhered to strictly.**

To further enhance the Group’s effort in cultivating a high standard of HSE, the Group implemented the Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) throughout the organisation. Hazard Identification involves the identification and documentation of all the factors that may cause injury or harm to a person. Risk Assessment involves assessing the possible of injury or harm to a person in the event he or she is exposed to a hazard. Risk Control involves the measures to be taken to eliminate or mitigate the risk of a person being exposed to a hazard. Employees who are working in an environment that exposing to loud and constant sound are required to perform hearing test on a regular basis to ensure their hearing is not impaired.

During the FYE 2020, there are two (2) employees from the factory had completed the hearing tests. Regular notices were issued to the factory on rules of personal protection equipment (“PPE”) compliance during lunch, break time and working in confined space. All factory personnel were provided with face mask and we have made it compulsory to wear face mask at all time within the business compound. The surrounding area has been sanitised at least once a day to ensure safe and healthy work environment for our employees.

The Group also took the initiative to improve the lunch area for the employees as most employees are having their lunch within the compound especially during the implementation of MCO in 2020. The lunch area was renovated and successfully set up in the last quarter of 2020. The cleanliness of the lunch area was regularly monitored and the factory personnel are tasked with the responsibilities to ensure the cleanliness and tidiness of the lunch area at all time.

# Sustainability Statement (cont'd)

The HSE Committee has established a set of relevant statistics to measure the effectiveness of the Group's HSE practice and these statistics are tabled at the Group's monthly management meetings. One of the objectives of the HSE Committee is to attain zero accident rate at the workplace. During FYE 2020, there was one (1) accident occurred at the Group's factory compound compared to no accident in FYE 2019 and loss of one (1) working day. The accident was carefully investigated, analysed and recorded in the Incident/Accident Report. The information recorded included the cause of accident, the circumstances that led to the occurrence, and steps taken to prevent the future occurrences. There was no attempted theft neither any theft case occurred within the business premises during 2020.

HSE Statistics		2018	2019	2020
<b>I.</b>	<b>Health</b>			
	Medical leave (days)			
	- Office	100.5	115.5	65.5
	- Factory	2.5	22	35.5
	Hospitalisation (days)	28	-	4
<b>II</b>	<b>Safety</b>			
	Lost Time Incident			
	- Fatality	-	-	-
	- Permanent total disability	-	-	-
	- Permanent partial disability	-	-	-
	- Lost work day care	4	-	1
	No of Lost Time Incident			
	- First aid	-	-	-
	- Medical treatment case	2	-	-
	- Restrict work case	2	-	-
	Fire / Explosion	-	-	-
	Property loss/damage	2	-	2
<b>III</b>	<b>Security</b>			
	No. of attempted theft	-	1	-
	No. of theft	-	4	-
<b>IV</b>	<b>Environment</b>			
	Schedule waste disposal (No. of trip)	12	12	9

## Local Communities

CN Asia is committed to support the communities in which we operate. We continue to invest in our corporate social responsibility ("CSR") initiatives to contribute to the betterment of our local communities. Our initiatives include the provision of internship programmes to Malaysian undergraduates to undergo their practical training. We also offer employment opportunities to these interns upon the completion of their studies. During FYE 2020, we offered internship programmes to ten (10) interns as compared nine (9) interns in the previous financial year. These interns were given the opportunities to gain valuable experience and knowledge during their engagement with the Group. There was no intern being offered permanent position in 2020.

Performance Measure	2018	2019	2020
Number of internships recruited	11	9	10
By gender			
- Male	8	5	5
- Female	3	4	5
Intern offered as full-time employee (Number)	1	1	-

## Sustainability Statement (cont'd)

In 2020, COVID-19 has been widely affected every organisation and individual worldwide, our focus on community is to help those in need during the critical moments. We made contribution to a group of fifty four (54) orphans from Rumah Victory Children and Rumah Charis by donating necessities which consist of food supply, toiletries and home appliances to support their daily needs in July 2020.



Moving forward, the Group will continue to enhance its effort towards sustainability growth with the contribution from the new Board. The Group is of the view that this can be achieved by actively engaging with its stakeholders, and conscientiously formulating and implementing programmes that will have a positive impact to the EES as one of our main CSR initiatives.

*This statement was presented and approved by the Board on 31 March 2021.*



# Additional Compliance Information

## 1. UTILISATION OF PROCEEDS

### (a) Proposed Disposals

The status of the utilisation of proceeds from the Proposed Disposals of RM36,682,500 as at 31 March 2021 is as follows:-

	As per Circular RM'000	Actual Utilisation RM'000	Deviation* RM'000	Balance Unutilised RM'000
Real property gain tax	1,100	(1,700)	600	-
Repayment of bank borrowings	11,786	(11,786)	-	-
Relocation and construction costs	6,000	(263)	-	5,737
Pledge to secure banking facilities	5,000	(5,000)	-	-
Working capital	11,797	(11,125)	(672)	-
Estimated expenses	1,000	(1,072)	72	-
	36,683	(30,946)	-	5,737

\* The excess expenses in the Proposed Disposals are reallocated from working capital.

### (b) Proposed Private Placement

The status of the utilisation of proceeds from the Proposed Private Placement, completed in 2019, of RM1,815,280 as at 31 March 2021 is as follows:-

	As per Circular RM'000	Actual Utilisation RM'000	Deviation* RM'000	Balance Unutilised RM'000
Overhaul of machinery	1,665	(178)	66	1,553
Estimated expenses	150	(84)	(66)	-
	1,815	(262)	-	1,553

\* The balance unutilized on estimated expenses is reallocated to overhaul of machinery.

## 2. NON-AUDIT FEES

The amounts of audit fees and non-audit fees paid / payable to the external auditors of the Group during the financial year ended 31 December 2020 are as follows:

Paid By	Audit Fees RM	Non-Audit Fees RM	Total (RM)
Company	30,000	2,000	32,000
Group	73,000	2,000	75,000

## 3. MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS OR MAJOR SHAREHOLDERS

Saved as disclosed in Notes 30 to the Financial Statements, there were no material contracts of the Company and subsidiaries involving Directors' and major shareholders' interests during the financial year. There were no contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors' and major shareholders' interest during the financial year.

## 4. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

The Company did not incur any significant recurrent related party transactions of a revenue / trading nature during the financial year ended 31 December 2020. The statement of recurrent related party transactions is disclosed in the Notes 29 to the Financial Statements.

# Statement on Risk Management and Internal Control

The Board is pleased to present its Statement on Risk Management and Internal Control (the “Statement”) pursuant to Paragraph 15.26 (b) of the MMLR of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers (the “Guidelines”).

## **BOARD RESPONSIBILITY**

The Board acknowledges its responsibilities for maintaining a sound risk management framework and system of internal control in order to safeguard shareholders’ interest and the Group’s assets, and for reviewing the adequacy and integrity of the same. However, in view of the limitations that are inherent in any system of risk management and internal control, the system adopted by the Group is designed to mitigate rather than to eliminate the risks that may impede the Group’s achievement of its business objectives. Therefore, the Group’s risk management framework and internal control system can only provide reasonable but not absolute assurance against material misstatement, financial losses or fraud.

Accordingly, the Statement that has been prepared in accordance with the Guidelines endorsed by Bursa Securities and that the Board has confirmed that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group in achieving its objectives and strategies.

## **RISK MANAGEMENT FRAMEWORK**

The Group has a firmly embedded process for identifying, evaluating, prioritizing and reporting the major business risks of the Group with the objective of maintaining a reasonably sound system of internal control. Regular reviews, evaluation and update of the risk profile and the corresponding action plans have been reported to the Board. The Board, through the Risk Management Committee (“RMC”), aims to further enhance the Group’s risk management practices to ensure that the Group’s assets and shareholders’ interest are protected, and that shareholders’ value is preserved or enhanced.

The Group’s Risk Management Procedure outlines the risk management framework which consists of a combination of the core elements that define business risk assessment, namely the process of identification, assessment, treatment, implementation and reviewing of risks. The Management Representative of the ISO 9001:2015 QMS is responsible for the co-ordination of the risk management activities of the Group as an on-going process.

The Group continued its efforts in reviewing, assessing and analyzing the risks and opportunities as documented in the Risk and Opportunity Register to ensure that the risks are being monitored, managed and reduced if not eliminated. Each Risk Owner that has been assigned with the risk is responsible to manage the risk and implement the Risk Treatment Plan as proposed, continuously assessing the risks, compile and record the process and activities in the Risk Assessment Reports on a systematic and regular basis.

During the financial year ended 31 December (“FYE”) 2020, the Risk Assessment Reports were reviewed and tabled at the Management Review Meeting held in October 2020. The treatment and action plan for risks that were rated at medium level were deliberated during the meeting and the effectiveness of the treatment plan shall be reviewed on a quarterly at the departmental head meeting to ensure that processes to mitigate identified risks are effectively implemented and maintained on a continuous basis which form part of the Group’s ISO 9001:2015 QMS procedures. These reports were then reviewed by the third party surveillance team in October 2020 to further enhance the risk assessment and management process within the Group.

# Statement on Risk Management and Internal Control (cont'd)

There were two (2) RMC Meetings held during the FYE 31 December 2020 and the details of the members' attendances are as follows:

Name	Position	Directorate	Number of Meetings Attended
Lee King Loon	Chairman	Independent Non-Executive	2/2
Ariffin bin Khalid	Member	Independent Non-Executive	2/2
Angeline Chan Kit Fong	Member	Executive	2/2

Note: The above Directors have ceased to be members of Risk Management Committee following their resignation as Directors of the Company and in place, the following Directors were appointed on 26 January 2021 as members of Risk Management Committee: -

Name	Position	Directorate
Low Yong Heng	Chairman	Independent Non-Executive
Tania Scivetti	Member	Independent Non-Executive
Nadanarajah A/L Ramalingam	Member	Independent Non-Executive

Given the common members, the Audit Committee and Risk Management Committee are to be combined and known as the Audit and Risk Management Committee with effect from 26 January 2021.

During the RMC Meetings, the Group's risk and opportunity profile, analysed by departments, comprising risk matrix, impact/harm, the risk profile and Risk & Opportunity Register, taken into consideration of the impact from the COVID-19 pandemic, were reviewed, deliberated and recommended for the Board's approval.

Hence, the Group has in place the necessary review and reporting and implementation processes to cultivate the appropriate discipline to continuously improve the risk management capabilities of the respective Risk Owners.

## **INTERNAL CONTROL PROCESS**

The Group's system of internal control comprises the following key elements: -

- Organization structure with clear lines of roles and responsibilities including delegation of duties are well-defined to ensure enhancement of the Group's performance.
- Delegations of authority including authorization limits at appropriate levels of management are clearly defined to ensure accountabilities and responsibilities.
- Documented standard operating policies and procedures are regularly reviewed and revised to meet operational needs and made available and accessible by all employees.
- Systematic and regular audits are carried out to ensure compliance of the ISO 9001:2015 Quality Management Systems of its subsidiary company, Chip Ngai Engineering Works Sdn Bhd.
- Centralised human resource function that sets out the policies for recruitment, training and appraisal of the employees within the Group.
- The outsourced Internal Auditors assist the Audit Committee in discharging its duties in maintaining and monitoring the internal control systems within the Group.
- Regular Board and Audit Committee Meetings are carried out to review and assess the overall performance and internal controls of the Group.
- Adequate reports are generated on a consistent basis for review on the operational and financial performance of the Group.
- Scheduled and ad-hoc operation and management meetings were held and attended by the Managing Director, Executive Director and head of departments to discuss and resolve business and operational issues.
- Training needs are reviewed and analysed on an annual basis to identify appropriate training and development programs to be conducted to ensure the staff are competent in carrying out their duties and responsibilities.

# Statement on Risk Management and Internal Control (cont'd)

## **INTERNAL AUDIT FUNCTION**

The Group's internal audit function is outsourced to external consultants to review and evaluate the adequacy and effectiveness of the Group's systems of internal control and risk management processes. Periodic reviews of the Group's business process and visits to the Group's active business operations based on the Internal Audit Plan as approved by the Audit Committee. The audit findings and recommendations were reported to the Audit Committee and communicated to the management for remedial actions.

The outsourced internal audit function provides the Audit Committee with periodic internal audit reports identifying risks and internal control gaps of existing state of internal control, highlighting observations and providing recommendations with management action plans to improve the system of internal control. Regular follow-up audits were carried out to ensure that the remedial actions in respect of internal control deficiencies, as recommended in the internal audit reports, have been adequately addressed by the management.

The Internal Audit Plan is approved by the Audit Committee and audit reports and the status of the audit plan are presented to the Audit Committee. Internal audits are carried out on a risk-based approach, in line with the Group's objectives and policies, taking into consideration input from the senior management and the Board. Significant findings and recommendations for improvements are highlighted to the Audit Committee, with periodic follow-up and reviews of action plans.

During the FYE 2020, the outsourced Internal Auditors had conducted the review on the product costing management which include the review on the cost component of each product and the extent of the product cost monitoring and safekeeping of confidential information and document to ensure proper documentation, preservation and control of product costing and safeguarding confidential information. During the process of the internal audit review, the outsourced Internal Auditors identified and reviewed the risk areas of the product costing standards of the Group. Interviews, face-to-face discussions and review on product costing sheets were performed by the Internal Auditors with the respective heads of department to understand, review and discuss the proposed actions to be taken in managing as well as mitigating the identified risks.

Upon completion of the reviews, the external consultants outlined some areas of concern and recommended some improvements to the management. The findings were reported to the Audit Committee and the same were deliberated and approved by the Board. In addition, follow up reviews were carried out to ensure the recommendations and resolution of issues highlighted in the previous audit reviews were duly implemented and executed. The costs incurred for the internal audit functions for the FYE 2020 amounted to RM23,320.

## **WEAKNESSES IN RISK MANAGEMENT AND INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES**

The Board remains committed towards maintaining a robust system of risk management and internal control and is of the opinion that there were no material financial losses, contingencies or uncertainties that would require disclosure in the Group's annual report during the year resulting from weaknesses in risk management and internal control. The management continues to take measures to strengthen the control environment as an on-going process incorporated in the Group's ISO 9001:2015 QMS.

## **ASSURANCE FROM MANAGEMENT**

The Board has received assurance from the Management and the Group Financial Controller that the Group's risk management and internal control system are adequate and effective, in all material aspects, during the financial year under review and up to date of this Statement.

# Statement on Risk Management and Internal Control (cont'd)

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement pursuant and the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3") "Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report" issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included the annual report of the Group for the FYE 2020, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

As required by paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the AAPG 3 issued by MIA. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## **CONCLUSION**

In view of the above control measures carried out in the Company, the Board believes that the above framework is considered appropriate for the Group's business operations to provide reasonable assurance of the integrity of the Group's risk management and systems of internal control and that the risks are at an acceptable level throughout the Group's business operations. There were no material financial losses incurred during the financial year under review as a result of weaknesses in the Group's risk management and system of internal control.

The Board is of the view that the system of risk management and internal controls in place are satisfactory to protect the Group's interest and that of its stakeholders, including the preservation of shareholders' value.

The Board together with the management will continue to take appropriate control measures and actions in order to further strengthen the Group's control environment.





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# Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services. The principal activities of the subsidiary companies are as set out in Note 5 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/profit after tax attributable to:		
Owners of the Company	(5,103,314)	12,760,985

## DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend that a final dividend to be paid in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 49,920,700 ordinary shares to 54,912,770 ordinary shares by the issuance of 4,992,070 new ordinary shares for cash pursuant to a private placement exercise on 29 June 2020 at an issue price of RM0.38 per share. The new shares issued rank pari passu in all respects with the existing shares of the Company.

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

## SHARE OPTIONS

No option has been granted by the Company to any party during the financial year to take up unissued shares of the Company.

No share has been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there was no unissued share of the Company under option.

## DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to date of report are:

Chang Chee Ching	(Appointed w.e.f. 05 January 2021)
Tania Scivetti	(Appointed w.e.f. 05 January 2021)
Nadanarajah A/L Ramalingam	(Appointed w.e.f. 08 January 2021)
YM Tengku Shamsulbhari Bin Tengku Azman Shah	(Appointed w.e.f. 08 January 2021)
Low Yong Heng	(Appointed w.e.f. 21 January 2021)
Dato' Sri Zulkifli Bin Abdullah	(Appointed w.e.f. 05 February 2021)
Datuk Seri Tan Choon Hwa	(Appointed w.e.f. 05 February 2021)
Angeline Chan Kit Fong	(Resigned w.e.f. 05 January 2021)
Dato' Hilmi Bin Mohd Noor	(Resigned w.e.f. 05 January 2021)
Ho Cheng San	(Resigned w.e.f. 08 January 2021)
Lee King Loon	(Resigned w.e.f. 08 January 2021)
Ariffin Bin Khalid	(Resigned w.e.f. 21 January 2021)
Chong Ying Choy	(Resigned w.e.f. 21 January 2021)

The retirement and re-election of the directors are in accordance with the Company's Constitution.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (*other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 25 to 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.

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

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company or its related companies during the financial year are as follows:

	----- Number of Ordinary Shares -----			
	As at 01.01.2020	Bought	Sold	As at 31.12.2020
<b><u>Direct interests</u></b>				
Ho Cheng San	17,093,535	-	-	17,093,535
Angeline Chan Kit Fong	562,950	500,000	-	1,062,950
<b><u>Indirect interests</u></b>				
Ho Cheng San *#	2,182,709	1,000,000	-	3,182,709
Angeline Chan Kit Fong *#	18,713,294	500,000	-	19,213,294

\* Deemed interest by virtue of substantial shareholdings in CN Asia Engineering Sdn. Bhd.

# Deemed interest by virtue of shares held by spouse.

By virtue of their interests in the shares of the Company, Mr. Ho Cheng San and Madam Angeline Chan Kit Fong are deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

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

## INDEMNITY AND INSURANCE COSTS

During the financial year, there is no indemnity given to or insurance effected for Directors, officers and auditors of the Group and of the Company.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount provided for as doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the directors: -

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would likely affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 30 to the financial statements.

## SUBSEQUENT EVENT

Details of subsequent event after the financial year end are disclosed in Note 31 to the financial statements.

## **AUDITORS**

Details of the auditors' remuneration for the financial year are disclosed in Note 22 to the financial statements.

The auditors, Messrs Ong & Wong, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

## **CHANG CHEE CHING**

Director

## **YM TENGKU SHAMSULBHARI BIN TENGKU AZMAN SHAH**

Director

Kuala Lumpur,  
Date: 31 March 2021



# Statement by Directors

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

In the opinion of the directors, the financial statements set out on pages 72 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2020 and of their results and cash flows for the financial year ended on that date.

Signed in Kuala Lumpur on 31 March 2021

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

**CHANG CHEE CHING**

**YM TENGKU SHAMSULBHARI BIN  
TENGKU AZMAN SHAH**

# Statutory Declaration

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

I, Chang Chee Ching, being the director primarily responsible for the financial management of CN Asia Corporation Bhd, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements of the Group and of the Company set out on pages 72 to 116 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared in Seri Kembangan  
Selangor Darul Ehsan

on 31 March 2021

**CHANG CHEE CHING**

Before me

**KHOR YUN LING (B524)**

Commissioner for Oaths

# Independent Auditors' Report

to the members of CN Asia Corporation Bhd (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of CN Asia Corporation Bhd, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 116.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

#### Trade receivables and contract assets

As at 31 December 2020, the carrying amount of trade receivables of the Group was RM1,559,904. Trade receivables are subject to credit risk due to probability of default, thus the management needs to exercise significant judgement in order to ascertain the probability of default by trade receivables and recoverability. The assessment of trade receivables includes analysing historical bad debts, customer concentration, customer creditworthiness, current or future economic trend, customers payment terms, credit term and appropriate forward looking information.

#### Our audit response:

Our audit procedures included, among others,

- obtaining an understanding of the Group's control over the trade receivables collection process and made enquiries regarding the action plans to recover the overdue amount;
- reviewing the ageing analysis of trade receivables and test the reliability thereof;
- obtaining confirmation letter from trade receivables;
- reviewing subsequent collection and past payment trend from trade receivables; and
- evaluating the reasonableness and adequacy of the impairment losses provided by the management.

#### Inventories

Inventories are disclosed in Note 9 to the financial statements with carrying amount of RM5,327,844 as at 31 December 2020. Inventories comprise of raw materials, work-in-progress, finished goods and consumables. The Group measures inventories at lower of cost and net realisable value. Management judgement is required in determining their net realisable value and the adequacy of write down of obsolete and slow-moving inventories.

# Independent Auditors' Report (cont'd)

to the members of CN Asia Corporation Bhd (Incorporated in Malaysia)

## **Our audit response:**

Our audit procedures included, among others,

- reviewing the design and implementation of key controls in inventories of the Group and evaluated the policies and procedures associated with monitoring, detection and write down of obsolete and slow-moving inventories;
- attending year-end physical inventories count performed by the Group to observe physical existence and condition of inventories; and
- selecting samples from inventories list to perform lower of cost and net realisable value test, and reviewed subsequent sales and purchases after the financial year.

## **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 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.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

# Independent Auditors' Report (cont'd)

to the members of CN Asia Corporation Bhd (Incorporated in Malaysia)

- 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 and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

## Other Matters

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

## ONG & WONG

AF: 0241  
Chartered Accountants

## ONG KOON LIANG

2909/02/23(J)  
Chartered Accountant

Kuala Lumpur,  
Date: 31 March 2021

# Statements of Financial Position

as at 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	9,083,455	10,398,281	-	-
Investment in subsidiary companies	5	-	-	14,416,461	14,416,461
Right-of-use asset	6	792,277	718,937	-	-
Other investment	7	-	-	-	-
Deferred tax assets	8	-	685,000	-	-
		9,875,732	11,802,218	14,416,461	14,416,461
<b>CURRENT ASSETS</b>					
Inventories	9	5,327,844	4,085,039	-	-
Trade receivables	10	1,559,904	2,226,597	-	-
Contract assets	11	1,152,050	2,748,055	-	-
Other receivables, deposits and prepayments	12	1,662,598	590,735	87,720	9,480
Amount owing by subsidiary companies	13	-	-	25,111,221	25,961,721
Current tax asset		5,658	5,658	5,658	5,658
Cash and cash equivalents	14	28,415,793	27,241,593	4,297,894	1,897,564
		38,123,847	36,897,677	29,502,493	27,874,423
<b>TOTAL ASSETS</b>		47,999,579	48,699,895	43,918,954	42,290,884
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	42,097,820	40,200,834	42,097,820	40,200,834
Foreign exchange translation reserve	15	-	228,092	-	-
(Accumulated losses)/retained earnings		(2,352,294)	2,802,417	1,767,484	(10,942,104)
Total equity attributable to owners of the Company		39,745,526	43,231,343	43,865,304	29,258,730
<b>TOTAL EQUITY</b>		39,745,526	43,231,343	43,865,304	29,258,730
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	16	479,214	552,521	-	-
		479,214	552,521	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables		1,990,709	1,502,467	-	-
Contract liabilities	17	1,309,566	360,063	-	-
Other payables and accruals	18	526,051	235,639	53,645	51,649
Amount owing to a subsidiary company	13	-	-	5	12,980,505
Lease liabilities	16	451,497	500,737	-	-
Short term borrowings	19	3,449,266	2,245,375	-	-
Current tax liabilities		47,750	71,750	-	-
		7,774,839	4,916,031	53,650	13,032,154
<b>TOTAL LIABILITIES</b>		8,254,053	5,468,552	53,650	13,032,154
<b>TOTAL EQUITY AND LIABILITIES</b>		47,999,579	48,699,895	43,918,954	42,290,884

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



# Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2020

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
REVENUE	20	14,718,065	15,566,327	13,091,572	104,444
COST OF SALES		(14,551,334)	(12,362,772)	-	-
GROSS PROFIT		166,731	3,203,555	13,091,572	104,444
OTHER INCOME		844,377	942,216	-	-
SELLING AND DISTRIBUTION EXPENSES		(119,206)	(168,607)	-	-
ADMINISTRATIVE EXPENSES		(3,947,412)	(3,544,024)	(330,587)	(334,301)
OTHER OPERATING EXPENSES		(984,409)	(88,671)	-	-
		(4,039,919)	344,469	12,760,985	(229,857)
FINANCE COSTS	21	(187,143)	(143,351)	-	-
(LOSS)/PROFIT BEFORE TAX	22	(4,227,062)	201,118	12,760,985	(229,857)
TAX EXPENSE	23	(876,252)	(213,522)	-	-
(LOSS)/PROFIT AFTER TAX		(5,103,314)	(12,404)	12,760,985	(229,857)
OTHER COMPREHENSIVE LOSS, NET OF TAX, THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Foreign currency translation differences		-	(4,168)	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		(5,103,314)	(16,572)	12,760,985	(229,857)
LOSS AFTER TAX ATTRIBUTABLE TO:					
Owners of the Company		(5,103,314)	(12,404)		
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(5,103,314)	(16,572)		
LOSS PER SHARE					
- Basic (Sen)	24	(9.74)	(0.03)		
- Diluted (Sen)	24	(9.74)	(0.03)		

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

# Statements of Changes in Equity

for the financial year ended 31 December 2020

Group	<-----Attributable to owners of the Company----->			
	Share capital RM	Foreign currency translation reserve RM	Distributable Retained earnings / (accumulated losses) RM	Total equity RM
Balance at 1 January 2019	38,385,554	232,260	2,899,065	41,516,879
Issuance of shares arising from private placement	1,815,280	-	-	1,815,280
	40,200,834	232,260	2,899,065	43,332,159
Loss after tax	-	-	(12,404)	(12,404)
Share issuance expenses	-	-	(84,244)	(84,244)
Other comprehensive loss:				
Foreign currency translation differences	-	(4,168)	-	(4,168)
Balance at 31 December 2019 / 1 January 2020	40,200,834	228,092	2,802,497	43,231,343
Issuance of shares arising from private placement	1,896,986	-	-	1,896,986
	42,097,820	228,092	2,802,417	45,128,329
Loss after tax	-	-	(5,103,314)	(5,103,314)
Share issuance expenses	-	-	(51,397)	(51,397)
Other comprehensive loss:				
Foreign currency translation differences	-	(228,092)	-	(228,092)
Balance at 31 December 2020	42,097,820	-	(2,352,294)	39,745,526

Company	Distributable (Accumulated losses)/ retained earnings			Total equity RM
	Share capital RM	RM	RM	
Balance at 1 January 2019	38,385,554	(10,628,003)		27,757,551
Issuance of shares arising from private placement	1,815,280	-		1,815,280
	40,200,834	(10,628,003)		29,572,831
Loss after tax	-	(229,857)		(229,857)
Share issuance expenses	-	(84,244)		(84,244)
Balance at 31 December 2019 / 1 January 2020	40,200,834	(10,942,104)		29,258,730
Issuance of shares arising from private placement	1,896,986	-		1,896,986
	42,097,820	(10,942,104)		31,155,716
Profit after tax	-	12,760,985		12,760,985
Share issuance expenses	-	(51,397)		(51,397)
Balance at 31 December 2020	42,097,820	1,767,484		43,865,304

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

# Statements of Cash Flows

for the financial year ended 31 December 2020

		Group		Company	
Note	2020 RM	2019 RM	2020 RM	2019 RM	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/profit before tax	(4,227,062)	201,118	12,760,985	(229,857)	
<i>Adjustments for:</i>					
Allowance for impairment of property, plant and equipment	-	50,000	-	-	
Bad debts written off	243,000	-	-	-	
Depreciation of property, plant and equipment	1,332,741	709,258	-	-	
Depreciation of right-of-use asset	313,083	359,469	-	-	
Loss on disposal of property, plant and equipment	-	755	-	-	
Loss on foreign exchange translation - unrealised	31,972	13,172	-	-	
Gain on disposal of investment	5(a) (10,567)	-	-	-	
Impairment losses on receivables	565,400	-	-	-	
Interest expenses	187,143	143,351	-	-	
Interest income	(827,509)	(942,216)	(55,071)	(44,444)	
Property, plant and equipment written off	-	5,229	-	-	
<i>Operating (loss)/profit before working capital changes</i>	(2,391,799)	540,136	12,705,914	(274,301)	
(Increase)/decrease in inventories	(1,242,805)	1,056,614	-	-	
Decrease/(increase) in receivables	350,463	(1,936,815)	(78,241)	(8,480)	
Increase/(decrease) in payables	1,549,654	(266,751)	1,996	16,150	
Cash (used in)/generated from operations	(1,734,487)	(606,816)	12,629,669	(266,631)	
Interest paid	(187,143)	(143,351)	-	-	
Tax paid	(215,252)	(176,772)	-	-	
<i>Net cash (used in)/generated from operating activities</i>	(2,136,882)	(926,939)	12,629,669	(266,631)	

# Statements of Cash Flows (cont'd)

for the financial year ended 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advance from subsidiary companies		-	-	(12,130,000)	300,504
Capital work in progress incurred		(50,276)	(101,002)	-	-
Interest received		827,509	942,216	55,071	44,444
Proceeds from disposal of property, plant and equipment		-	500	-	-
Proceeds from disposal of subsidiary	5(a)	28,164	-	-	-
Purchase of property, plant and equipment		(34,825)	(70,764)	-	-
<i>Net cash generated from/(used in) investing activities</i>		770,572	770,950	(12,074,929)	344,948
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Placement of pledged fixed deposits		(1,364,498)	-	-	-
Net proceeds from issuance of shares		1,845,589	1,731,036	1,845,590	1,731,036
(Repayment)/Drawdown of bankers' acceptance		(911,170)	503,171	-	-
Repayment of lease liabilities		(508,970)	(502,895)	-	-
<i>Net cash (used in)/generated from financing activities</i>		(939,049)	1,731,312	1,845,590	1,731,036
<i>Net (decrease)/increase in cash and cash equivalents</i>		(2,305,359)	1,575,323	2,400,330	1,809,353
<i>Cash and cash equivalents at beginning of financial year</i>		16,274,388	14,699,065	1,897,564	88,211
<i>Cash and cash equivalents at end of financial year</i>		13,969,029	16,274,388	4,297,894	1,897,564
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>					
Cash and cash equivalents	14	28,415,793	27,241,593	4,297,894	1,897,564
Bank overdrafts		(2,582,266)	(467,205)	-	-
		25,833,527	26,774,388	4,297,894	1,897,564
<i>Less: Fixed deposits pledged as securities</i>		(11,864,498)	(10,500,000)	-	-
		13,969,029	16,274,388	4,297,894	1,897,564

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

# Notes to the Financial Statements

31 December 2020

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

The address of the registered office and principal place of business of the Company is at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The principal activities of the Company are investment holding and providing management services. The principal activities of the subsidiary companies are as set out in Note 5. There were no significant changes in the nature of these activities during the financial year.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 ("CA2016") in Malaysia.

The following MFRSs became effective for the financial year under review:

<b>MFRSs/Amendments to MFRSs/IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The initial application of the above MFRSs did not have any significant impact on the financial statements.



# Notes to the Financial Statements (cont'd)

31 December 2020

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (a) Statement of Compliance (cont'd)

#### **MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective**

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective:

<b>MFRSs/Amendments to MFRSs/IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 16 Covid-19-Related Rent Concessions	1 June 2020
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 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a contract	1 January 2022
Annual improvements to MFRS 2018 – 2020	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	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 Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2021 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2021, if applicable.

The adoption of the above standards and interpretations are not expected to have a material impact on the financial statements in the period of application.

### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

### (c) Functional and Presentation Currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

### (d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (d) Use of Estimates and Judgements (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than:

#### 1) *Construction contracts*

The Group measures the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis Of Consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities, including structured 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 controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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 investment includes transaction costs.

#### (ii) *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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis Of Consolidation (cont'd)

##### (ii) *Business combinations (cont'd)*

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.

##### (iii) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the 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 previous 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.

##### (iv) *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.

#### (b) Property, Plant And Equipment

##### (i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

##### (ii) *Subsequent costs*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Property, Plant And Equipment (cont'd)

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

	%
Furniture, fittings and equipment	11 - 50
Motor vehicles	13 - 50
Plant and machinery	5 - 10

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

### (c) Inventories

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

The cost of inventories is calculated using the first-in-first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

### (d) Contract Asset/Contract Liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 3(g)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (e) Cash And Cash Equivalents

Cash and cash equivalents consists of cash on hand, balances and deposits with banks, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (f) Financial Instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial Instruments (cont'd)

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Financial instrument categories and subsequent measurement

##### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

- *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(g)(i)) where the effective interest rate is applied to the amortised cost.

- *Fair value through other comprehensive income*

##### Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, were subject to impairment assessment (see Note 3(g)(i)).



## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial Instruments (cont'd)

#### (ii) *Financial instrument categories and subsequent measurement (cont'd)*

##### *Financial Liabilities*

The categories of financial liabilities at initial recognition are as follows:

- *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) *Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### (g) Impairment

#### (i) *Financial assets*

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Impairment (cont'd)

#### (i) *Financial assets (cont'd)*

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a simplified approach with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

#### (ii) *Other assets*

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Leases

#### (i) *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 and the Company 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 the 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 of a contract, the Group and the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (ii) *Recognition and initial measurement*

##### (a) *As a lessee*

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

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 the rate cannot be readily determined, the incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payables under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company is reasonably certain not to terminate early.

The Group and the Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Leases (cont'd)

#### (iii) *Subsequent measurement*

##### (a) *As a lessee*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in 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 and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company 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.

### (i) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) *Issue expenses*

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### (ii) *Ordinary shares*

Ordinary shares are classified as equity.

### (j) Foreign Currency

#### (i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Foreign Currency (cont'd)

#### (ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (k) Employee Benefits

#### (i) *Short-term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

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.

#### (ii) *State plans*

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (l) Revenue and Other Income

#### (i) *Revenue*

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Revenue and Other Income (cont'd)

#### (ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

#### (iii) Management fee

Management fee income is recognised upon performance of services satisfied over time. Management fee are made with a credit term of 30 days, therefore, no element of financing is deemed present.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### (m) Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

### (n) Income Tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, 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. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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



## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Income Tax (cont'd)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

### (o) Earnings/Loss Per Ordinary 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, which comprise convertible notes and share options granted to employees.

### (p) Operating Segments

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

### (q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial positions and is disclosed as contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (r) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# Notes to the Financial Statements (cont'd)

31 December 2020

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Capital work-in- progress RM	Total RM
<i>Cost</i>					
At 1 January 2019	1,881,502	1,328,068	32,569,994	235,202	36,014,766
Additions	14,255	-	56,508	101,002	171,765
Disposals	-	(1,550)	-	-	(1,550)
Written off	(7,216)	-	-	-	(7,216)
Foreign currency translation	-	-	(16,531)	-	(16,531)
At 31 December 2019/1 January 2020	1,888,541	1,326,518	32,609,971	336,204	36,161,234
Additions	8,725	-	26,100	50,276	85,101
Disposals	-	-	(377,371)	-	(327,371)
Foreign currency translation	-	-	11,294	-	11,294
At 31 December 2020	1,897,266	1,326,518	32,269,994	386,480	35,930,258
<i>Accumulated depreciation</i>					
At 1 January 2019	1,280,987	695,614	22,913,473	-	24,890,074
Charge for the financial year	54,010	126,351	528,897	-	709,258
Disposals	-	(295)	-	-	(295)
Written off	(1,987)	-	-	-	(1,987)
Foreign currency translation	-	-	(5,331)	-	(5,331)
At 31 December 2019/1 January 2020	1,333,010	821,670	23,437,039	-	25,591,719
Charge for the financial year	234,988	94,918	1,002,835	-	1,332,741
Disposals	-	-	(131,299)	-	(131,299)
Foreign currency translation	-	-	3,642	-	3,642
At 31 December 2020	1,567,998	916,588	24,312,217	-	26,796,803
<i>Accumulated impairment losses</i>					
At 1 January 2019	-	-	128,499	-	128,499
Impairment loss for the year	-	-	50,000	-	50,000
Foreign currency translation	-	-	(7,265)	-	(7,265)
At 31 December 2019/1 January 2020	-	-	171,234	-	171,234
Disposals	-	-	(174,693)	-	(124,693)
Foreign currency translation	-	-	3,459	-	3,459
At 31 December 2020	-	-	-	-	50,000
<i>Net carrying amount</i>					
At 31 December 2020	329,268	409,930	7,957,777	386,480	9,083,455
At 31 December 2019	555,531	504,848	9,001,698	336,204	10,398,281

# Notes to the Financial Statements (cont'd)

31 December 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Leased plant and equipment

At 31 December 2020, the net carrying amount of leased motor vehicle was RM284,162 (2019: RM501,422).

### **Changes in estimates**

During the financial year ended 31 December 2020, the Group conducted an operational efficiency review, which resulted in changes in the depreciation method from reducing balance to straight line basis for property, plant and equipment. As a result, the estimated residual values of these assets decreased. The effect of these changes between reducing balance method and straight line method in depreciation expense, included in 'cost of sales' and 'administrative expenses', in current year, is as follows:

	<b>Group 2020 RM</b>
Depreciation using straight line	1,332,741
Depreciation using reducing balance	655,131
Increase in depreciation expense	<u>677,610</u>

## 5. INVESTMENT IN SUBSIDIARY COMPANIES

	<b>2020 RM</b>	<b>Company 2019 RM</b>
Unquoted shares in Malaysia, at cost		
At 1 January/31 December	28,298,215	28,298,215
Less: Accumulated impairment losses		
At 1 January/31 December	<u>(13,881,754)</u>	<u>(13,881,754)</u>
Net carrying value	<u>14,416,461</u>	<u>14,416,461</u>

# Notes to the Financial Statements (cont'd)

31 December 2020

## 5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		2020 %	2019 %	
Direct holding:				
Asia Tank Containers (Malaysia) Sdn. Bhd.	Malaysia	100	100	Dormant
Chip Ngai Engineering Works Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of tanks and related products, specialized engineering, fabrication and sub-contractor for civil engineering works
CN Asia Capital Sdn. Bhd.	Malaysia	100	100	Dormant
Douwin Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect holding:				
Held through CNEW				
Zhuhai CN Engineering Works Co., Ltd. *	People's Republic of China	-	100	Dormant

\* Subsidiary company not audited by Ong & Wong. The financial statements of the Company however were reviewed by Ong & Wong for consolidation purpose.

### (a) Disposal of a subsidiary

On 28 September 2020, the Group disposed its entire interest of 100% in Zhuhai CN Engineering Works Co., Ltd, for a total consideration of RM42,971.

	<b>Group RM</b>
Property, plant and equipment	75,566
Cash and bank balances	14,807
Other payables and accruals	(15,718)
Net assets	74,655
Realisation of reserve	(42,251)
Gain on disposal of a subsidiary	10,567
Total consideration	42,971
Cash and cash equivalents disposed off	(14,807)
Disposal of subsidiary, net off cash disposed	28,164

# Notes to the Financial Statements (cont'd)

31 December 2020

## 6. RIGHT-OF-USE ASSET

Group	Factory land and building RM
<i>Cost</i>	
At 1 January 2019	1,078,406
Additions	-
At 31 December 2019 / 1 January 2020	1,078,406
Additions	386,423
At 31 December 2020	1,464,829
<i>Accumulated depreciation</i>	
At 1 January 2019	-
Charge for the financial year	359,469
At 31 December 2019 / 1 January 2020	359,469
Charge for the financial year	313,083
At 31 December 2020	672,552
<i>Carrying amount</i>	
At 31 December 2020	792,277
At 31 December 2019	718,937

The Group leases factory land and building. The original lease term was from 7 December 2016 to 7 December 2020 and has now been further extended to 7 December 2022 with effect from 10 July 2020. The maturity analysis of lease liabilities is presented in Note 16.

## 7. OTHER INVESTMENT

	2020 RM	Group 2019 RM
Unquoted shares in Malaysia,		
At 1 January	-	79,480
Less: Fair value loss	-	(79,480)
	-	-

### Equity investments designated at fair value through other comprehensive income

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

# Notes to the Financial Statements (cont'd)

31 December 2020

## 7. OTHER INVESTMENT (CONT'D)

Detail of investment is as follow:

Name of company	Country of incorporation	Effective equity interest 2020 %	2019 %	Principal activities
PICN Engineering Sdn. Bhd.	Malaysia	20	20	Fabriacation and trading of tanks for specialised industries

## 8. DEFERRED TAX ASSETS

	2020 RM	Group 2019 RM
At 1 January	685,000	685,000
Recognised in statement of profit or loss and other comprehensive income (Note 23)	(685,000)	-
At 31 December	-	685,000

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2020 RM	Group 2019 RM
Unutilised reinvestment allowances	955,301	955,301
Unutilised business losses	25,127,914	21,581,688
Unutilised capital allowances	3,528,409	3,528,409
	29,611,624	26,065,398

## 9. INVENTORIES

	2020 RM	Group 2019 RM
At cost:		
Raw materials	946,878	1,073,178
Work-in-progress	2,335,009	1,883,216
Finished goods	1,797,622	859,527
Consumables	248,335	269,118
	5,327,844	4,085,039

The Group's cost of inventories recognised as an expense during the financial year amounted to RM2,538,773 (2019: RM4,906,546).



# Notes to the Financial Statements (cont'd)

31 December 2020

## 10. TRADE RECEIVABLES

	Group	
	2020 RM	2019 RM
Trade receivables	2,368,304	2,226,597
Less: Bad debts written off	(243,000)	-
Less: Accumulated impairment losses	(565,400)	-
	<u>1,559,904</u>	<u>2,226,597</u>
Movement of accumulated impairment losses:-		
At 1 January	-	-
Addition	565,400	-
At 31 December	<u>565,400</u>	<u>-</u>

## 11. CONTRACT ASSETS

	Group	
	2020 RM	2019 RM
Contract assets in relation to: -		
- construction project	<u>1,152,050</u>	<u>2,748,055</u>
	<b>2020 RM</b>	<b>2019 RM</b>
Aggregate costs incurred to date	1,905,138	6,457,548
Add: Attributable profits	639,066	1,937,344
	<u>2,544,204</u>	<u>8,394,892</u>
Less: Progress billings	(1,392,154)	(5,646,837)
	<u>1,152,050</u>	<u>2,748,055</u>

Contract assets primarily relate to the Group's rights to consideration for work completed on a construction project but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	199,451	341,755	-	-
Deposits	132,400	133,400	1,000	1,000
Prepayments	1,330,747	115,580	86,720	8,480
	<u>1,662,598</u>	<u>590,735</u>	<u>87,720</u>	<u>9,480</u>

# Notes to the Financial Statements (cont'd)

31 December 2020

## 13. AMOUNT OWING BY / (TO) SUBSIDIARY COMPANIES

	2020 RM	Company 2019 RM
Amount owing by subsidiary companies		
- non-trade	29,843,815	30,694,315
Less: Accumulated impairment losses	(4,732,594)	(4,732,594)
	25,111,221	25,961,721
Amount owing to a subsidiary company		
- non-trade	5	12,980,505
Movement of accumulated impairment losses:-		
At 1 January / 31 December	4,732,594	4,732,594

These amounts are unsecured, interest-free and receivable / (repayable) on demand.

## 14. CASH AND CASH EQUIVALENTS

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Cash on hand	6,005	13,664	-	-
Cash at bank	833,632	474,358	100,629	55,370
Fixed deposits with licensed banks	27,576,156	26,753,571	4,197,265	1,842,194
	28,415,793	27,241,593	4,297,894	1,897,564

The fixed deposits with licensed banks earn interest at rates ranging from 2.95% to 3.85% (2019: 2.95% to 4.28%) per annum.

Included in fixed deposits with licensed banks is an amount of RM11,864,498 (2019: RM10,500,000) being fixed deposits pledged for banking facilities granted to the Group.

## 15. CAPITAL AND RESERVES

### Share capital

	Group and Company 2020 Number of ordinary shares	2019	Group and Company 2020 RM	2019 RM
<b>Issued and fully paid</b>				
At 1 January	49,920,700	45,382,500	40,200,834	38,385,554
Add: Issuance of shares	4,992,070	4,538,200	1,896,986	1,815,280
At 31 December	54,912,770	49,920,700	42,097,820	40,200,834

## 15. CAPITAL AND RESERVES (CONT'D)

### Ordinary shares

During the financial year, the Company increased its issued and paid-up share capital from RM40,200,834 to RM42,097,820 by the allotment of 4,992,070 new ordinary shares at an issue price of RM0.38 per Placement Share to the allottees for a total cash consideration of RM1,896,986. The new shares were issued for cash consideration and rank pari passu in all respects with the existing shares of the Company

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 16. LEASE LIABILITIES

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Future minimum lease payments		
- Within 1 year	485,204	549,073
- Between 2 to 5 years	491,365	580,569
	976,569	1,129,642
Less: Future finance charges	(45,858)	(76,384)
Present value of lease liability	930,711	1,053,258
Present value of lease liabilities		
- Within 1 year	451,497	500,737
- Between 2 to 5 years	479,214	552,521
	930,711	1,053,258

The effective interest rates of the lease liabilities ranged from 4.39% to 6.54% (2019: 4.35% to 6.54%) per annum.

## 17. CONTRACT LIABILITIES

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Contract liabilities in relation to: -		
- manufacturing of tanks and vessels	1,309,566	360,063

Contract liabilities primarily relate to the advance consideration received from customers for manufacturing of tanks and vessels, for which revenue is recognised at a point in time when the Company satisfies its performance obligation.

## 18. OTHER PAYABLES AND ACCRUALS

	<b>Group</b>	<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	41,504	51,155	4,770
Accruals	484,547	184,484	48,875
	526,051	235,639	53,645
			51,649

# Notes to the Financial Statements (cont'd)

31 December 2020

## 19. SHORT TERM BORROWINGS

	Group	
	2020 RM	2,019 RM
Secured		
- Bankers' acceptances	867,000	1,778,170
- Bank overdraft	2,582,266	467,205
	<u>3,449,266</u>	<u>2,245,375</u>

As at 31 December 2020, the bankers' acceptances are secured by the pledge of RM11,864,498 (2019: RM10,500,000) fixed deposits of its subsidiary, Chip Ngai Engineering Works Sdn Bhd.

The above borrowings bear interest at rates ranging from 2.20% to 3.87% (2019: 0.56% to 6.00%) per annum.

## 20. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Sale of goods	7,031,187	11,344,435	-	-
Contract revenue	7,686,878	4,221,892	-	-
Dividend income	-	-	12,976,500	-
Interest income	-	-	55,072	44,444
Management fees	-	-	60,000	60,000
	<u>14,718,065</u>	<u>15,566,327</u>	<u>13,091,572</u>	<u>104,444</u>

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Timing of revenue recognition:-				
- at a point in time	7,031,187	11,344,435	13,091,572	104,444
- over time	7,686,878	4,221,892	-	-
	<u>14,718,065</u>	<u>15,566,327</u>	<u>13,091,572</u>	<u>104,444</u>

## 21. FINANCE COSTS

	Group	
	2020 RM	2019 RM
Bankers' acceptances	76,572	63,272
Bank overdrafts	70,468	6,758
Lease liabilities	40,103	73,321
	<u>187,143</u>	<u>143,351</u>

## 22. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before tax is stated <i>after charging</i> :				
Auditors' remuneration				
- current year's provision	73,000	73,000	30,000	30,000
Bad debts written off	243,000	-	-	-
Depreciation of property, plant and equipment	1,332,741	709,258	-	-
Depreciation of right-of-use asset	313,083	359,469	-	-
Impairment loss on property, plant and equipment	-	50,000	-	-
Impairment losses on receivables	565,400	-	-	-
Loss on disposal of property, plant and equipment	-	755	-	-
Loss on foreign exchange translation:				
- realised	103,904	15,791	-	-
- unrealised	31,972	13,172	-	-
Property, plant and equipment written off	-	5,229	-	-
Rental of empty cylinder	2,804	3,756	-	-
Staff costs (Note 25)	4,837,649	4,379,420	227,500	210,000
<i>and crediting</i> :				
Gain on disposal of investment	10,567	-	-	-
Interest income	827,509	942,216	55,071	44,444

## 23. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia income tax:				
- current year's provision	188,000	212,000	-	-
- under provision in respect of prior years	3,252	1,522	-	-
	191,252	213,522	-	-
Reversal of temporary differences (Note 8)	685,000	-	-	-
	876,252	213,522	-	-

# Notes to the Financial Statements (cont'd)

31 December 2020

## 23. TAX EXPENSE (CONT'D)

A reconciliation of tax expense applicable to (loss)/profit before tax at the statutory income tax rate to tax expense at the effective income tax rate is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before tax	(4,227,062)	201,118	12,760,985	(229,857)
Tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	(1,014,495)	48,268	3,062,636	(55,166)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	407,061	274,514	51,724	55,166
- income not subject to corporation tax	-	-	(3,114,360)	-
- deferred tax assets not recognised during the financial year	1,480,434	-	-	-
- utilisation of previously unrecognised tax losses	-	(110,782)	-	-
	1,887,495	163,732	(3,062,636)	55,166
• Under provision of taxation in respect of prior years	3,252	1,522	-	-
	876,252	213,522	-	-

## 24. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share at 31 December 2020 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020	2019
Loss attributable to owners of the Company (RM)	(5,103,314)	(12,404)
Weighted average number of ordinary shares at 31 December	52,416,735	48,408,000
Basic loss per share (Sen)	(9.74)	(0.03)

### Diluted loss per share

The calculation of diluted loss per ordinary share at 31 December 2020 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The diluted loss per share is same as per the basic loss per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.



## 25. STAFF COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' emoluments:				
- fees	227,500	210,000	227,500	210,000
- remuneration	510,000	504,000	-	-
- defined contribution plan	86,400	85,680	-	-
- social security costs	1,516	1,516	-	-
- other emoluments	468,079	194,880	-	-
	<u>1,293,495</u>	<u>996,076</u>	<u>227,500</u>	<u>210,000</u>
Other staff costs:				
- salaries, allowances and wages	3,242,843	3,088,588	-	-
- defined contribution plan	223,991	210,725	-	-
- social security costs	26,734	25,609	-	-
- other staff related expenses	50,586	58,422	-	-
	<u>3,544,154</u>	<u>3,383,344</u>	<u>-</u>	<u>-</u>
	<u>4,837,649</u>	<u>4,379,420</u>	<u>227,500</u>	<u>210,000</u>

## 26. OPERATING SEGMENTS

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

The Group is organised into main business segments as follows:

(a) Manufacturing

Manufacture tanks and related products, engineering works and fabrication works.

(b) Construction

Construction as sub-contractors related to civil engineering works.

(c) Investment

Investment holdings and comprise companies providing management services and dormant companies.

The Executive Directors assess the performances of the operating segments based on operating profits or losses which is measured differently from those disclosed in the consolidated financial statements.

The Executive Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and have been established based on negotiated and mutually agreed terms.

# Notes to the Financial Statements (cont'd)

31 December 2020

## 26. OPERATING SEGMENTS (CONT'D)

### Business segments

Group 2020	Manufacturing RM	Construction RM	Investment RM	Eliminations RM	Total RM
<b>Revenue</b>					
External revenue	14,718,065	-	-	-	14,718,065
Inter-segment revenue	-	-	13,036,500	(13,036,500)	-
External revenue	14,718,065	-	13,036,500	(13,036,500)	14,718,065
<b>Results</b>					
Segment results	(4,016,883)	(510,000)	(340,546)	-	(4,867,429)
Interest income	772,438	-	55,072	-	827,510
Interest expense	(187,143)	-	-	-	(187,143)
Loss before tax	(3,431,588)	(510,000)	(285,474)	-	(4,227,062)
Tax expense	(876,252)	-	-	-	(876,252)
Loss after tax	(4,307,840)	(510,000)	(285,474)	-	(5,103,314)
<b>Assets</b>					
Segment assets	43,383,639	-	4,615,940	-	47,999,579
<b>Liabilities</b>					
Segment liabilities	8,192,170	-	61,883	-	8,254,053
<b>Other information</b>					
Depreciation	1,651,037	-	(5,213)	-	1,645,824
<b>Included in the measure of segment assets are:</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	85,101	-	-	-	85,101

# Notes to the Financial Statements (cont'd)

31 December 2020

## 26. OPERATING SEGMENTS (CONT'D)

### Business segments (cont'd)

Group 2019	Manufacturing RM	Construction RM	Investment RM	Eliminations RM	Total RM
<b>Revenue</b>					
External revenue	15,566,327	-	-	-	15,566,327
Inter-segment revenue	-	-	60,000	(60,000)	-
External revenue	15,566,327	-	60,000	(60,000)	15,566,327
<b>Results</b>					
Segment results	(253,498)	-	(344,249)	-	(597,747)
Interest income	897,772	-	44,444	-	942,216
Interest expense	(143,351)	-	-	-	(143,351)
Profit/(loss) before tax	500,923	-	(299,805)	-	201,118
Tax expense	(213,522)	-	-	-	(213,522)
Profit/(loss) after tax	287,401	-	(299,805)	-	(12,404)
<b>Assets</b>					
Segment assets	45,073,517	1,492,310	2,134,068	-	48,699,895
<b>Liabilities</b>					
Segment liabilities	5,013,310	395,116	60,126	-	5,468,552
<b>Other information</b>					
Depreciation	1,074,214	-	(5,487)	-	1,068,727
<b>Included in the measure of segment assets are:</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	171,766	-	-	-	171,766

### Geographical information

Group  
2020

The operating segment by geographical information is not applicable as the Group has disposed its entire shareholdings in the foreign subsidiary incorporated in People's Republic of China during the financial.

# Notes to the Financial Statements (cont'd)

31 December 2020

## 26. OPERATING SEGMENTS (CONT'D)

Geographical information (cont'd)

Group 2019	Malaysia RM	Republic of China RM	Elimination RM	Total RM
<b>Revenue</b>				
External	15,566,327	-	-	15,566,327
Inter-segment revenue	60,000	-	(60,000)	-
	15,626,327	-	(60,000)	15,566,327
<b>Results</b>				
Operating results	(547,823)	(49,925)	-	(597,748)
Interest income	942,217	-	-	942,217
Interest expenses	(143,351)	-	-	(143,351)
Profit/(loss) before tax	251,043	(49,925)	-	201,118
Tax expense	(213,522)	-	-	(213,522)
Profit/(loss) after tax	37,521	(49,925)	-	(12,404)
<b>Assets</b>				
Segment assets	48,617,903	81,992	-	48,699,895
<b>Liabilities</b>				
Segment liabilities	5,468,552	-	-	5,468,552
<b>Other information</b>				
Depreciation	1,068,727	-	-	1,068,727
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	171,766	-	-	171,766

# Notes to the Financial Statements (cont'd)

31 December 2020

## 27. FINANCIAL INSTRUMENTS

### (a) Categories of Financial Instruments

The table below provides an analysis of financial instruments as at reporting date categorised as follows:

	Carrying amount RM	Amortised cost RM
<b>2020</b>		
<i>Financial assets</i>		
<u>Group</u>		
Trade receivables	1,559,904	1,559,904
Other receivables and deposits	331,851	331,851
Cash and cash equivalents	28,415,793	28,415,793
	<u>30,307,548</u>	<u>30,307,548</u>
<u>Company</u>		
Deposits	1,000	1,000
Amount owing by subsidiary companies	25,111,221	25,111,221
Cash and cash equivalents	4,297,894	4,297,894
	<u>29,410,115</u>	<u>29,410,115</u>
<i>Financial liabilities</i>		
<u>Group</u>		
Trade payables	1,990,709	1,990,709
Other payables and accruals	526,051	526,051
Lease liabilities	930,711	930,711
Short term borrowings	3,449,266	3,449,266
	<u>6,896,737</u>	<u>6,896,737</u>
<u>Company</u>		
Other payables and accruals	53,645	53,645
Amount owing to a subsidiary company	5	5
	<u>53,650</u>	<u>53,650</u>

# Notes to the Financial Statements (cont'd)

31 December 2020

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Categories of Financial Instruments (cont'd)

	Carrying amount RM	Amortised cost RM
<b>2019</b>		
<i>Financial assets</i>		
<u>Group</u>		
Trade receivables	2,226,597	2,226,597
Other receivables and deposits	475,155	475,155
Cash and cash equivalents	27,241,593	27,241,593
	<u>29,943,345</u>	<u>29,943,345</u>
<u>Company</u>		
Deposits	1,000	1,000
Amount owing by subsidiary companies	25,961,721	25,961,721
Cash and cash equivalents	1,897,564	1,897,564
	<u>27,860,285</u>	<u>27,860,285</u>
<i>Financial liabilities</i>		
<u>Group</u>		
Trade payables	1,502,467	1,502,467
Other payables and accruals	235,639	235,639
Lease liabilities	1,053,258	1,053,258
Short term borrowings	2,245,375	2,245,375
	<u>5,036,739</u>	<u>5,036,739</u>
<u>Company</u>		
Other payables and accruals	51,649	51,649
Amount owing to a subsidiary company	12,980,505	12,980,505
	<u>13,032,154</u>	<u>13,032,154</u>

### (b) Financial Risk Management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### (c) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables, contract assets, other receivables and cash and cash equivalents. The Group's exposure to credit risk arises principally from other receivables, advances to subsidiaries and cash and cash equivalents. There are no significant changes as compared to prior periods.



## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Credit Risk (cont'd)

#### (i) Trade receivables and contract assets

##### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

##### *Concentration of credit risk*

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables except for the amount owing by 3 (2019: 2) major customers constituting approximately 74% (2019: 26%) of the outstanding trade receivables of the Group at reporting date.

##### *Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group uses a provision matrix to measure ECLs of trade receivables for all segments except for construction segment. Invoices which are exceeded the credit period will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past five years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the financial year.

For construction contracts, as there is only a customer, the Group assessed the risk of loss of the customer individually based on its financial information and past trend of payments. The customer has low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2020 which are grouped together as they are expected to have similar risk nature.

# Notes to the Financial Statements (cont'd)

31 December 2020

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Credit Risk (cont'd)

#### (i) Trade receivables and contract assets (cont'd)

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
Current (not past due)	2,160,544	(51,750)	2,108,794
31 - 60 days past due	3,500	(350)	3,150
More than 61 days past due	1,113,310	(513,300)	600,010
	<u>3,277,354</u>	<u>(565,400)</u>	<u>2,711,954</u>
Trade receivables	2,125,304	(565,400)	1,559,904
Contract assets	1,152,050	-	1,152,050
	<u>3,277,354</u>	<u>(565,400)</u>	<u>2,711,954</u>

The aging of trade receivables as at 31 December 2019 was as follows:

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
Current (not past due)	4,450,984	-	4,450,984
1 - 30 days past due	99,347	-	99,347
More than 61 days past due	424,321	-	424,321
	<u>4,974,652</u>	<u>-</u>	<u>4,974,652</u>
Trade receivables	2,226,597	-	2,226,597
Contract assets	2,748,055	-	2,748,055
	<u>4,974,652</u>	<u>-</u>	<u>4,974,652</u>

#### (ii) Cash and cash equivalents

The cash and cash equivalents are held with banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### (iii) Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Credit Risk (cont'd)

#### (iv) Inter-company loans and advances

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

*Recognition and measurement of impairment loss*

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at reporting date:

2020 Company	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
Low credit risk	25,085,000	-	25,085,000
Credit impaired	4,758,815	(4,732,594)	26,221
	29,843,815	(4,732,594)	25,111,221
2019 Company	RM	RM	RM
Low credit risk	25,940,000	-	25,940,000
Credit impaired	4,754,315	(4,732,594)	21,721
	30,694,315	(4,732,594)	25,961,721

### (d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and short term borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Liquidity Risk (cont'd)

#### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

2020	Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Total RM
<i>Group</i>							
<u>Non-derivative financial liabilities</u>							
Trade payables	-	1,990,709	1,990,709	1,990,709	-	-	1,990,709
Other payables and accruals	-	526,051	526,051	526,051	-	-	526,051
Lease liabilities	4.39 - 6.54	930,711	976,569	485,204	456,240	33,125	974,569
Short term borrowings	2.20 - 3.87	3,449,266	3,449,266	3,449,266	-	-	3,449,266
		6,896,737	6,942,595	6,451,230	456,240	33,125	6,940,595
<i>Company</i>							
<u>Non-derivative financial liabilities</u>							
Other payables and accruals	-	53,645	53,645	53,645	-	-	53,645
Amount owing to a subsidiary company	-	5	5	5	-	-	5
		53,650	53,650	53,650	-	-	53,650

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Liquidity Risk (cont'd)

*Maturity analysis (cont'd)*

2019	Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Total RM
<b>Group</b>							
<u>Non-derivative financial liabilities</u>							
Trade payables	-	1,502,467	1,502,467	1,502,467	-	-	1,502,467
Other payables and accruals	-	235,639	235,639	235,639	-	-	235,639
Lease liabilities	4.35 - 6.54	1,053,258	1,129,642	549,073	485,204	95,365	1,129,642
Short term borrowings	0.56 - 6.00	2,245,375	2,245,375	2,245,375	-	-	2,245,375
		5,036,739	5,113,123	4,532,554	485,204	95,365	5,113,123
<b>Company</b>							
<u>Non-derivative financial liabilities</u>							
Other payables and accruals	-	51,649	51,649	51,649	-	-	51,649
Amount owing to a subsidiary company	-	12,980,505	12,980,505	12,980,505	-	-	12,980,505
		13,032,154	13,032,154	13,032,154	-	-	13,032,154

# Notes to the Financial Statements (cont'd)

31 December 2020

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

#### (i) Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") and Brunei Dollar ("BND").

#### Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	<b>BND RM</b>	<b>EUR RM</b>	<b>SGD RM</b>	<b>USD RM</b>	<b>Total RM</b>
2020					
<i>Financial Assets</i>					
Trade receivables	37,544	-	56,250	186,750	280,544
Cash and cash equivalents	-	107	332,983	280,705	613,795
	37,544	107	389,233	467,455	894,339
<i>Financial Liabilities</i>					
Trade payables	-	-	3,374	242,970	246,344
	-	-	3,374	242,970	246,344
Net financial assets	37,544	107	385,859	224,485	647,995
Foreign currencies exposures	37,544	107	385,859	224,485	647,995
	<b>EUR RM</b>	<b>RMB RM</b>	<b>SGD RM</b>	<b>USD RM</b>	<b>Total RM</b>
2019					
<i>Financial Assets</i>					
Trade receivables	-	-	230,929	-	230,929
Other receivables and deposits	176,696	-	13,602	24,840	215,138
Cash and cash equivalents	67	7,659	53,670	282,242	343,638
	176,763	7,659	298,201	307,082	789,705
<i>Financial Liabilities</i>					
Trade payables	93,796	-	11,703	-	105,499
	93,796	-	11,703	-	105,499
Net financial assets	82,967	7,659	286,498	307,082	684,206
Foreign currencies exposures	82,967	7,659	286,498	307,082	684,206

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (e) Market Risk (cont'd)

#### (i) Currency risk (cont'd)

##### *Currency sensitivity analysis*

A 10% (2019: 10%) strengthening and weakening of the functional currency against the following currencies at the end of the reporting period would have increased / (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>
Effects on profit after taxation/equity		
Strengthened by 10%		
- BND	3,754	-
- EUR	11	8,297
- RMB	-	766
- SGD	38,586	28,650
- USD	22,449	30,708
Weakened by 10%		
- BND	(3,754)	-
- EUR	(11)	(8,297)
- RMB	-	(766)
- SGD	(38,586)	(28,650)
- USD	(22,449)	(30,708)

#### (ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.



# Notes to the Financial Statements (cont'd)

31 December 2020

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (e) Market Risk (cont'd)

#### (ii) Interest rate risk (cont'd)

*Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2020 RM	Group 2019 RM
<i>Fixed rate instruments</i>		
Financial assets	27,576,156	26,753,571
Financial liabilities	(867,000)	(1,778,170)
	<u>26,709,156</u>	<u>24,975,401</u>
<i>Floating rate instruments</i>		
Financial liabilities	<u>(2,582,266)</u>	<u>(467,205)</u>

*Interest rate risk sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased / (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2020 RM	Group 2019 RM
<b>Effects on profit before tax/equity</b>		
Increase of 100 basis points	(25,823)	(4,672)
Decrease of 100 basis points	<u>25,823</u>	<u>4,672</u>

### (f) Fair Value Information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

## 28. CAPITAL MANAGEMENT

The Group defines capital as equity and debt of the Group. The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There was no change in the Group's approach to capital management during the financial year.

## 29. RELATED PARTY DISCLOSURE

### (a) Identity of Related Parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its subsidiaries and key management personnel.

### (b) Significant Related Party Transactions

Related party transactions have been entered into in the normal course of business under negotiated and mutually agreed terms. The significant related party transactions of the Group and the Company are shown below.

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<u>Subsidiaries</u>		
Management fees	60,000	60,000

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Key management personnel</u>				
<u>Directors</u>				
- fees	227,500	210,000	227,500	210,000
- remuneration	510,000	504,000	-	-
- defined contribution plan	86,400	85,680	-	-
- social security costs	1,516	1,516	-	-
- other emoluments	468,079	194,880	-	-
	<u>1,293,495</u>	<u>996,076</u>	<u>227,500</u>	<u>210,000</u>

## 30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### *Proposed Acquisition*

On 20 January 2020, the Board of Directors of the Group had announced that Chip Ngai Engineering Works Sdn Bhd, a wholly-owned subsidiary of the Company, had on 20 January 2020 entered into a Sale and Purchase Agreement with Twinstar Acres Sdn Bhd ("TASB"), a company wholly owned by Mr. Ho Cheng San, a major shareholder and director of the Company, for the proposed acquisition of a parcel of vacant land held under H.S.(M) 23504, Lot 5856, locality of Sungai Labu, Mukim of Tanjung Dua Belas, District of Kuala Langat, State of Selangor Darul Ehsan from TASB, for a cash consideration of RM4 million.

### *Proposed Private Placement*

On 5 June 2020, the Company proposed to undertake a private placement of 4,992,070 shares of CN Asia Corporation Bhd to independent third party investor(s) at an issue price of at RM0.38 per share. The proposed Private Placement was completed on 29 June 2020 following the listing of and quotation for 4,992,070 Placement Shares on the Main Market of Bursa Securities.

# Notes to the Financial Statements (cont'd)

31 December 2020

## 31. SUBSEQUENT EVENT

### *Multiple Proposals*

On 23 February 2021, the Board of Directors of the Group had announced that the Company had proposed to undertake the following:

- proposed private placement of up to 10% of the total number of issued shares of the Company ("CN Asia Shares" or "Shares") to third party investor(s) to be identified later and at an issue price to be determined later ("Proposed Private Placement");
- proposed bonus issue of up to 30,201,985 new CN Asia warrants ("Warrants") on the basis of 1 Warrant for every 2 existing CN Asia Shares held by entitled registered holders of the Shares ("Shareholders") ("Entitled Shareholders") on an entitlement date to be determined and announced later by the Board ("Entitlement Date") ("Proposed Bonus Issue of Warrants"); and
- proposed establishment of a share issuance scheme ("SIS") of up to 15% of the total number of issued shares (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("CN Asia Group" or the "Group") ("Proposed SIS")

An EGM will be held to seek the shareholders' approval on the Proposals.

## 32. CAPITAL COMMITMENTS

	Group	
	2020 RM	2019 RM
<b>Land</b>		
Contracted but not provided for	4,000,000	-

## 33. CONTINGENT LIABILITIES

	Group	
	2020 RM	2019 RM
<u>Secured</u>		
- Bankers' guarantee issued in favour of third parties	689,593	1,381,060
- Letters of credit issued in favour of third parties	513,000	93,625
	<u>1,202,593</u>	<u>1,474,685</u>

## 34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 31 March 2021 by the Board of Directors.

# Analysis of Shareholdings

as at 23 March 2021

Issued and Fully Paid-Up Capital : RM42,097,820  
 Class of Shares : Ordinary Shares  
 Voting Rights : One Vote Per Share

## Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1-99	426	20.65	19,725	0.04
100-1,000	204	9.88	125,689	0.23
1,001-10,000	1,121	54.33	3,618,362	6.59
10,001-100,000	239	11.60	7,347,350	13.38
100,001-less than 5% of issued shares	72	3.49	40,021,244	72.88
5% and above of issued shares	1	0.05	3,780,400	6.88
Total	2,063	100.00	54,912,770	100.00

## Thirty Largest Shareholders

Name	No. of Shares Held	% of Issued Capital
1 YI-LAI MARKETING SDN BHD	2,702,000	4.92
2 YIP CHUN MEI	2,640,900	4.81
3 PERCETAKAN SANWA INDUSTRIES SDN.BHD.	2,080,000	3.79
4 GUNUNG RESOURCES SDN BHD	2,000,000	3.64
5 LOW PIT KOON	1,980,000	3.61
6 CHANG HUI KEE	1,900,000	3.46
7 CN ASIA ENGINEERING SDN. BHD.	1,619,759	2.95
8 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHEN SENG	1,500,000	2.73
9 TAI TEAN SENG	1,422,800	2.59
10 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH CHEE TEONG	1,366,000	2.49
11 GUNUNG RESOURCES SDN BHD	1,273,400	2.32
12 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA (7007201)	1,200,000	2.19
13 ONG XENG THOU	1,200,000	2.19
14 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON	1,067,600	1.94
15 JACQUELINE LEE FEI FEI	894,200	1.63
16 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KUET FAR (DAMANSARA UTAMA-CL)	874,100	1.59
17 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOK BOON CHENG (7008555)	700,000	1.27
18 HO CHENG SAN	693,535	1.26
19 TAN CHOON HWA	670,000	1.22
20 TAN CHOON HWA	666,000	1.21

# Analysis of Shareholdings (cont'd)

as at 23 March 2021

## Thirty Largest Shareholders (cont'd)

	Name	No. of Shares Held	% of Issued Capital
21	WAI AI LOO	637,400	1.16
22	CHAI KUET FAR	563,000	1.03
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD ARUN KUMAR A/L SIVANGANAM	548,200	1.00
24	GUNUNG RESOURCES SDN BHD	507,000	0.92
25	CASEY LIM KAI XI	500,000	0.91
26	CHUA MING KIAT	500,000	0.91
27	KOEY CHING HOCK	500,000	0.91
28	LEE SAW KUAN	500,000	0.91
29	SEU WOEI JYH	500,000	0.91
30	TAN KAR GUAN	500,000	0.91
	Total	33,705,894	61.38

## Substantial Shareholders

Name	No. of Shares Held		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
1 HO CHENG SAN	693,535	2,119,809 *	1.26	3.86
2 ANGELINE CHAN KIT FONG	400,050	2,413,294 #	0.73	4.39
3 HO WYE YEW	100,000	2,713,344 @	0.18	4.94

Note:

\* Deemed interested by virtue of his interests in shares held in CN Asia Engineering Sdn. Bhd., held by spouse and son.

# Deemed interested by virtue of her interests in shares held by spouse and son.

@ Deemed interested by virtue of this interests in shares held by parents.

## Directors' Shareholdings

Name	No. of Shares Held		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
1 DATUK SERI TAN CHOON HWA	2,188,000	-	3.99	-
2 TANIA SCIVETTI	203,100	-	0.37	-



**CN ASIA CORPORATION BHD**  
(Registration No.: 199601027090 (399442-A))  
(Incorporated In Malaysia)

# PROXY FORM

(To be completed in block letters)

No. of Shares held	CDS Account No.

\*I/We \_\_\_\_\_

I/C or Passport or Company No. \_\_\_\_\_ of \_\_\_\_\_

being a \*member/members of the abovenamed Company, hereby appoint \*THE CHAIRMAN OF THE MEETING or:

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings
		No. of Shares      %
Address		

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings
		No. of Shares      %
Address		

as \*my/our proxy/proxies to attend and vote for \*me/us on \*my/our behalf at the 25th Annual General Meeting ("AGM") of the Company to be held at **Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia** on **Tuesday, 11 May 2021 at 10.00 a.m.** or any adjournment thereof, in respect of \*my/our shareholding in the manner indicated above:

ORDINARY RESOLUTION		For	Against
1.	To approve the payment of Directors' fees and benefits of RM350,000 for the period from 1 January 2021 until the next AGM of the Company.		
2.	To re-elect Dato' Sri Zulkifli Bin Abdullah as Director.		
3.	To re-elect Datuk Seri Tan Choon Hwa as Director.		
4.	To re-elect Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah as Director.		
5.	To re-elect Chang Chee Ching as Director.		
6.	To re-elect Tania Scivetti as Director.		
7.	To re-elect Nadanarajah A/L Ramalingam as Director.		
8.	To re-elect Low Yong Heng as Director.		
9.	To re-appoint Messrs Ong & Wong as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
10.	To empower the Board to allot and issue shares.		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this ..... day of ..... 2021

Tel No. (during office hours)	
Email address	

\_\_\_\_\_  
Signature(s) of member  
(If member is a corporation, this form should be  
executed under common seal)

## Notes:

### Members entitled to attend

- Only depositors whose names appear in the record of depositors as at **28 April 2021** shall be regarded as members and entitled to attend, speak and vote at the meeting or appoint a proxy or proxies to attend and/or vote in his stead.

### Appointment of Proxy

- A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
- A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.  
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. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialled.
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Registration No. 197101000970 (11324-H)), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively online via Share Registrars' website, TIIH Online at <https://tiah.online>. Please refer to the Administrative Notes for further information on submission via TIIH Online. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, in the case of a poll, not less than twenty-four (24) hours before the time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 of this meeting and any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Share Registrar

**Tricor Investor & Issuing House Services Sdn. Bhd.**

(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia  
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**CN ASIA CORPORATION BHD**  
((Registration No.: 199601027090 (399442-A))  
(Incorporated In Malaysia)

**TWENTY-FIFTH (25th) ANNUAL GENERAL MEETING (“AGM” OR “MEETING”) OF CN ASIA CORPORATION BHD  
 (“CN ASIA” OR “THE COMPANY”)**

**Date** : Tuesday, 11 May 2021

**Time** : 10.00 a.m.

**Venue, Time & Place  
of Registration of  
Meeting** : **Ground Floor Office Building  
Lot 7907, Batu 11, Jalan Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan, Malaysia**

**From 9.30 a.m. onwards**

**COVID-19: PUBLIC HEALTH PRECAUTIONARY MEASURES**

The Board of Directors (“**Board**”) is cognisant of the COVID-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company’s members, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise members that necessary steps and measures will be undertaken in holding the Company’s 25th AGM.

1. In view of the COVID-19 pandemic and further to the “Guidance and FAQs on the Conduct of General Meetings for Listed Issuers” issued by the Securities Commission Malaysia and to assist the Company in managing the turnout, members/proxies/corporate representatives who wish to attend the 25th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“**Share Registrar**”, “**Tricor**”, or “**TIIH**”), via the **TIIH Online** website at <https://tiih.online> no later than **Monday, 10 May 2021 at 10.00 a.m.** Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at this 25th AGM.

**2. VENUE AND SEATING ARRANGEMENT**

- As a precautionary measure, the Company reserves the right to limit the number of physical attendees to be accommodated at the venue.
- Social distancing would be practised at all times. Members who attend the 25th AGM should maintain at least 1 metre (3 feet) distance between themselves.
- Seats in the 25th AGM venue would be placed at least one metre (3 feet) apart from one another.

**3. OTHER IMPORTANT INFORMATION**

- If any of the members/proxies/corporate representatives (“**Persons**”) have travelled overseas in the past 14 days or if a Person is unwell with fever, dry cough, tiredness, sore throat, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath, they must seek medical attention and quarantine themselves at home. Under such circumstances, the Persons are advised to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the 25th AGM.
- Generally, any Persons who:
  - (a) feel unwell before the 25th AGM; or
  - (b) have been placed on quarantine orders or stay-at-home notices; or
  - (c) have a travel history to certain countries/regions in the specified period preceding the 25th AGM, must not attend the 25th AGM in person, and instead are strongly encouraged to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the 25th AGM.

- For Persons who are physically attending the 25th AGM, temperature screening on each Person will be taken during registration before entering the venue of the 25th AGM.
- As a precautionary measure, the Company reserves the right to deny any Persons with body temperature of above 37.5°C entry into the 25th AGM venue.
- Any Persons attending the 25th AGM physically should wear a face mask in advance and throughout the 25th AGM and practice proper self-sanitisation, including the use of hand sanitisers.

#### 4. **INDIVIDUAL MEMBERS**

- All Members who intend to attend the 25th AGM in person **ARE REQUIRED TO PRE-REGISTER** with Tricor via the **TIIH Online** website (<https://tiih.online>) latest by **Monday, 10 May 2021** at **10.00 a.m.** Kindly refer to the Pre-Register procedures below.

Members who are unable to attend the 25th AGM and who wish to exercise their votes are encouraged to appoint the Chairman of the meeting to vote on your behalf by indicating the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

#### 5. **CORPORATE MEMBERS**

- Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the 25th AGM, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor not later than **Monday, 10 May 2021** at **10.00 a.m.**
- Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Monday, 10 May 2021** at **10.00 a.m.** to attend and vote at the 25th AGM.
- A member who has appointed a proxy/attorney/corporate representative to attend and vote at the 25th AGM must request his/her proxy/attorney/corporate representative to submit their Pre-Registration at TIIH Online website at <https://tiih.online>.**
- If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the 25th AGM, you may appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

#### 6. **PRE-REGISTER PROCEDURES**

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 25th AGM are to follow the requirements and procedures as summarised below:

	Procedure	Action
<b>BEFORE AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “<b>e-Services</b>” select “<b>Create Account by Individual Holder</b>” Refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Pre-register your attendance to attend AGM	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Monday, 12 April 2021 up to 10.00 a.m. Monday, 10 May 2021.</b></li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) CN ASIA 25TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert the CDS account number and indicate the number of shares.</li> <li>Submit to register your physical attendance.</li> <li>System will send an <b>e-mail to notify</b> you that your registration to attend the AGM physically is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at <b>28 April 2021</b>, the system will send you an <b>e-mail to notify</b> you if your registration is approved or rejected.</li> </ul>

## 7. PROXY

- If you are unable to attend the meeting on 11 May 2021, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may also submit the Proxy Form electronically via the **TIIH Online** website at <https://tiih.online> no later than **Monday, 10 May 2021 at 10.00 a.m.** Please do read and follow the procedures to submit the Proxy Form electronically below.
- You may submit your Proxy Form to the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") by fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com). However, please ensure that the **Original Proxy Form** is deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 25th AGM or any adjournment thereof, at which the person named in the instrument proposed to vote or, in the case of a poll, not less than twenty-four (24) hours before the time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

## 8. ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
<b>i. Steps for Individual Members</b>		
(a)	Register as a User with Tricor's TIIH Online website	<ul style="list-style-type: none"> <li>• Using your computer, please access Tricor's <b>TIIH Online</b> website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" select the "Sign Up" button and followed by "<b>Create Account by Individual Holder</b>". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user of Tricor's <b>TIIH Online</b> website, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, log in with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: "<b>CN ASIA 25TH AGM – SUBMISSION OF PROXY FORM</b>".</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print the proxy form for your record.</li> </ul>
<b>ii. Steps for corporation or institutional members</b>		
(a)	Register as a User with Tricor's TIIH Online website	<ul style="list-style-type: none"> <li>• Access Tricor's <b>TIIH Online</b> website at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "<b>Create Account by Representative of Corporate Holder</b>".</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional member must register as a user first in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>

(b)	Proceed with submission of proxy form	<ul style="list-style-type: none"> <li>• Login to Tricor's <b>TIIH Online</b> website at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Select the corporate exercise name: <b>"CN ASIA 25TH AGM – SUBMISSION OF PROXY FORM"</b>.</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Submit the proxy appointment file.</li> <li>• Login to Tricor's TIIH Online website, select corporate exercise name: <b>"CN ASIA 25TH AGM – SUBMISSION OF PROXY FORM"</b>.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select "Submit" to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>
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## 9. **POLL VOTING**

- The Voting at the 25th AGM will be conducted by-poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.
- During this 25th AGM, the Poll Administrator will brief on the Voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.
- Upon completion of the voting session for the 25th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

## 10. **REGISTRATION**

- Registration will start at 9.30 a.m. on **11 May 2021** at Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
- Please present your original MyKad/passport to the registration staff for verification.
- Upon verification, you are required to write your name, mobile contact and sign the Attendance list placed on the registration table.
- You will be given a personalised voting slip to vote at this 25th AGM.
- No person will be allowed to register on behalf of another person even with the original Mykad/passport of the other person.

## 11. **GENERAL MEETING RECORD OF DEPOSITORS ("ROD")**

Only a depositor whose name appears on the ROD as at **28 April 2021** shall be entitled to attend, speak and vote at the 25th AGM or appoint proxies to attend and/or vote on his/her behalf.

## 12. **HELP DESK**

1. Please proceed to the Help Desk for any clarification or queries apart from registration details.
2. The Help Desk will also handle the revocation of the proxy's appointment.

## 13. **NO DOOR GIFT/FOOD VOUCHER/REFRESHMENT**

There will be **no distribution/provision of door gifts or food vouchers or refreshment** for the 25th AGM to ensure social distancing and as a measure to reduce crowds in accordance with the COVID-19 guidelines by the Ministry of Health.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

**14. ANNUAL REPORT 2020**

- The Company's Annual Report 2020 is available at the Company's website at <https://www.cnasia.com/investor-relations/quarterly-reports/>;
- You may request for a printed copy of the Annual Report 2020 at <https://tiih.online> by selecting "Request for Annual Report / Circular" under the "Investor Services". Nevertheless, we hope that you would consider the environment before you decide to request the printed copy.

**15. RECORDING OR PHOTOGRAPHY**

By participating at the 25th AGM, you agree that no part of the 25th AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

**16. ENQUIRY**

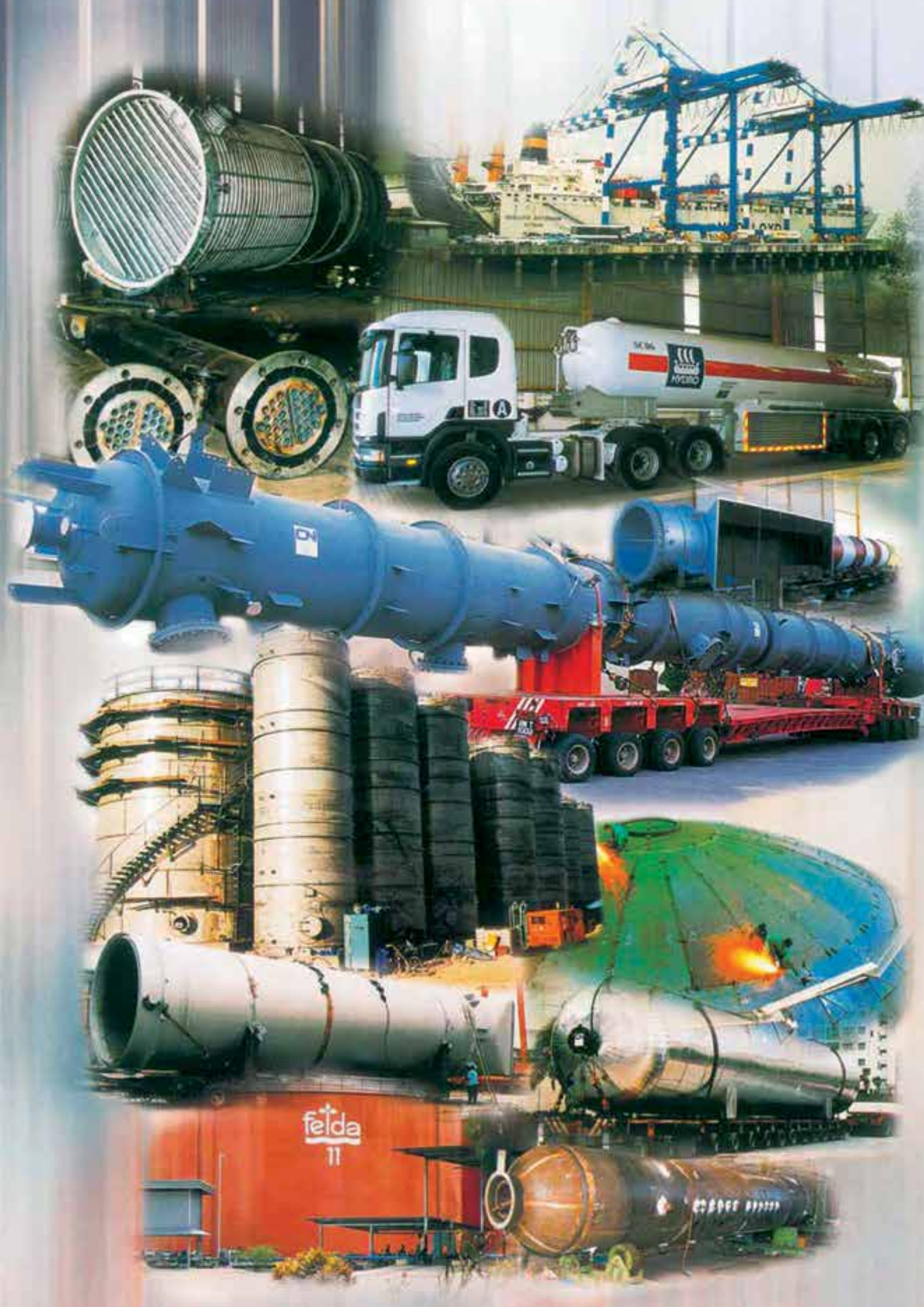
If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

**Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
Contact Persons : Mr. Jake Too : +603-2783 9285 / Email : [Chee.Onn.Too@my.tricorglobal.com](mailto:Chee.Onn.Too@my.tricorglobal.com)  
: Ms. Vivien Khoh : +603-2783 9091 / Email : [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)  
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