



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

2021

A n n u a l R e p o r t



ANOTHER PRESTIGIOUS DISHED HEAD by CH
TEL: 03-8942 8888 WEBSITE: <http://www.cnasfa.com>



CONTENT

Notice of Twenty-Sixth Annual General Meeting	02
Statement Accompanying Notice of Twenty-Sixth Annual General Meeting	05
Vision and Mission	06
5-Year Group Financial Highlights	08
Corporate Information	09
Corporate Structure	11
Certification and Accreditation	12
The Group's Business	16
Profile of Directors	20
Profile of Key Senior Management	23
Chairman Statement and Management Discussion and Analysis	24
Audit and Risk Management Committee Report	30
Corporate Governance Overview Statement	33
Directors' Responsibilities Statement for Preparing the Financial Statements	48
Sustainability Statement	49
Additional Compliance Information	60
Statement on Risk Management and Internal Control	62
Financial Statements	65
The Properties Owned by the Group	124
Analysis of Shareholdings	125
Analysis of Warrants Holdings	127
Appendix A	129
Proxy Form	
Administrative Notes	

Notice of Twenty-Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth (26th) Annual General Meeting of CN Asia Corporation Bhd ("Company") will be held virtually from the Broadcast Venue at **Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** on **Friday, 24 June 2022** at **10:30a.m.** to transact the following businesses:-

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Reports of the Directors and 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 2022 until the next AGM of the Company. **(RESOLUTION 1)**
Please refer to Explanatory Notes (ii) below)
3. To re-elect the following Directors retiring in accordance with the Company's Constitution and being eligible, have offered themselves for re-election:-
 - a. Mr. Chang Chee Ching **(RESOLUTION 2)**
 - b. Madam Tania Scivetti **(RESOLUTION 3)**
4. To re-appoint Messrs. Ong & Wong as the Company's Auditors for the ensuing year and to authorize the Directors to fix their remuneration. **(RESOLUTION 4)**

AS SPECIAL BUSINESS: -

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

5. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 **(RESOLUTION 5)**
(Please refer to Explanatory Notes (iii) below)

"THAT subject always to the Companies Act, 2016 ("Act"), the Company's Constitution ("Articles of Association"), 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 pursuant to the Act to:

 - (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 pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

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."

Notice of Twenty-Sixth Annual General Meeting (cont'd)

6. To consider, and if thought fit, to pass the following **Special Resolution**:

PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION AND ADOPTION OF NEW CONSTITUTION (RESOLUTION 6)

*(Please refer to
Explanatory Notes
(iv) below)*

"THAT the proposed amendments to the Company's Constitution, as annexed to the Annual Report 2021 as Appendix A, be and are hereby approved and THAT the Constitution of the Company, as amended, be adopted as the new Constitution of the Company with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any variations, modifications and/or amendments as may be required by any relevant authorities to give full effect to the foregoing."

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

BY ORDER OF THE BOARD

MOHD ZAKIE BIN SOAD
(LS 0008268)
(SSM PC No.201908002382)
Company Secretary
Selangor Darul Ehsan
29 April 2022

Notes:-

Members entitled to attend

1. Only depositors whose name appear in the record of depositors as at **16 June 2022** 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 hand.

Appointment of Proxy

2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote on the same meeting instead of him and that a proxy may but need not be a member of the Company and there should not be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, the proportion of the 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 his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy forms must be initialled.

Notice of Twenty-Sixth Annual General Meeting (cont'd)

6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is sign on 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. 1971101000970 (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://tiih.online>. Please refer to 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.
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 resolutions as set out in this notice of the general meeting are to be voted by poll.

Registration of Members/Proxies

9. Members Proxies who wish to participate in the 26th AGM will have to register to attend the meeting remotely by using the Remote Participation and Voting Facilities ("RPV") provided by Tricor via its TIIH online website at <https://tiih.online>, the details of which are set out in the Administrative Notes of the 26th AGM.

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). Resolution 1- 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 benefit for the period from 01 January 2022 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 for RM216,000/- for FY 2022 and a total of RM134,000/- for the period from 01 January 2023 until the next AGM in 2023.

(iii). Resolution 5 - Authority to Issue Share

The proposed Resolution, if passed, will give authority to the Directors under Section 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 the 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 33,201,200 new shares by way of private placement exercise under the general authority which was approved at the last AGM or which 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 26th AGM of the Annual Report 2021.

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.

(iv). Special Resolution (Resolution 6) - Proposed Amendments to the Company's Constitution and Adoption of New Constitution

The proposed amendments of the Constitution of the Company ("Proposed Amendments") are made to render the Constitution to be consistent with the Listing Requirement, SICDA, the Rules and the Act.

The shareholders' approval is being sought under a Special Resolution for the Company to incorporate the Proposed Amendments into its existing Constitution, in accordance with Section 36(1) of this Act. The Proposed Amendments as per Appendix A, which is annexed to the Annual Report 2021 circulated together with the Notice of the 26th AGM dated 29 April 2022, shall take effect once the proposed Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of the members who are entitled to vote and do vote in person or by proxy at the 26th AGM.

Statement Accompanying Notice of the Twenty-Sixth 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 Profile of Directors of this Annual Report:

- (i) Chang Chee Ching
- (ii) Tania Scivetti

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

The Company had issued 33,201,200 new shares and raised proceeds amounting to RM18,667,523 by way of private placement exercises 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 Proceeds	Actual Proceeds Raised RM'000	Actual utilisation proceeds up to-date RM'000	Balance Unutilised RM'000
Purchase of Raw Material	6,000	(3,703)	2,297
Money Lending Business	11,326	(11,326)	-
Working Capital	631	(631)	-
Expenses in relation to 2021 Private Placement Exercises	710	(710)	-
Total	18,667	(16,370)	2,297

The Board is of the opinion that the general mandate, on the issuance of new securities of not more than 10% 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.

A close-up photograph of a human hand held palm-up, with water dripping from the fingers. The water is falling towards a mound of dark, rich soil at the bottom of the frame. The background is a soft, out-of-focus green, suggesting a natural outdoor setting. The lighting is bright, highlighting the texture of the skin and the clarity of the water droplets.

Vision

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

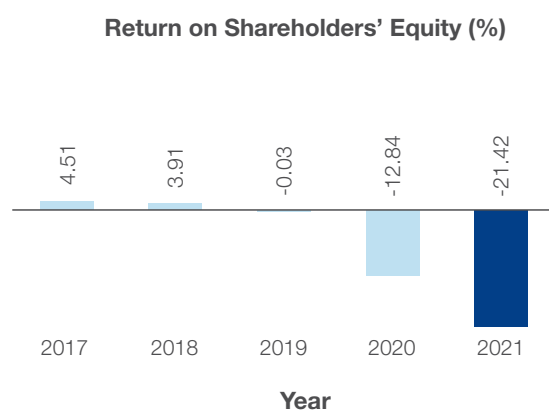
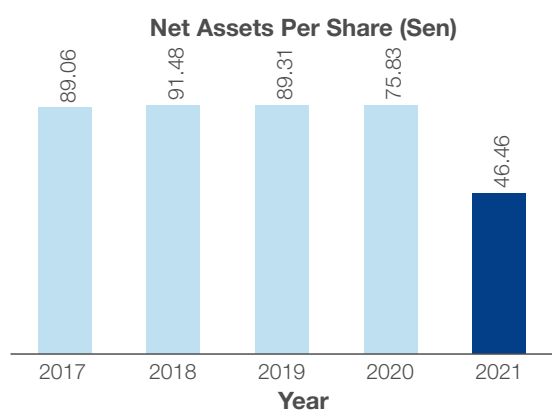
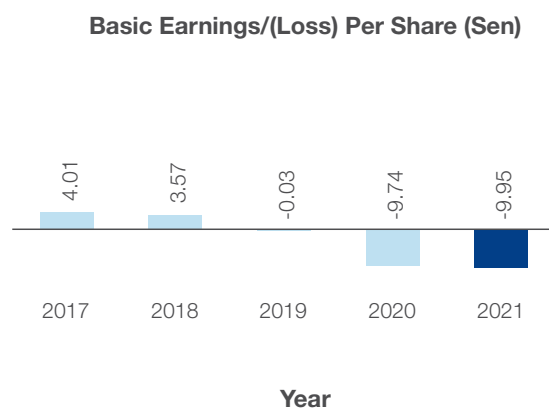
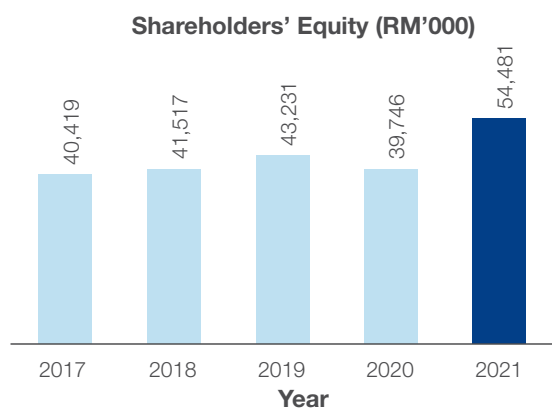
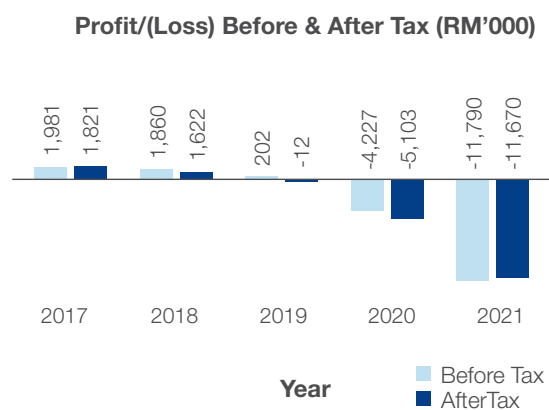
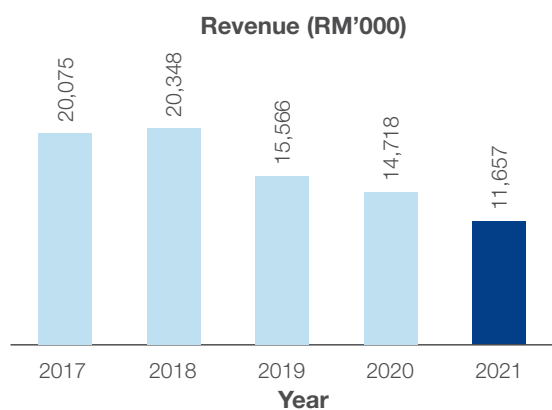
Mission

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)	Profit/ (Loss) before tax (RM'000)	Profit/ (Loss) after tax (RM'000)	Shareholders' equity (RM'000)	Basic earnings/ (loss) per share (sen)	Net assets per share (sen)	Return on shareholders' equity (%)
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
2021	11,657	-11,790	-11,670	54,481	-9.95	46.46	-21.42



Corporate Information

BOARD OF DIRECTORS

Dato' Sri Zulkifli Bin Abdullah
(Independent Non-Executive Director)
Chairman

Datuk Seri Tan Choon Hwa
(Non-Independent Non-Executive Director)
Deputy Chairman

**YM Tengku Shamsulbhari Bin
Tengku Azman Shah**
(Executive Director)

Chang Chee Ching
(Executive Director)

Tania Scivetti
(Independent Non-Executive Director)

Low Yong Heng
(Independent Non-Executive Director)

Nadanarajah A/L Ramalingam
(Independent Non-Executive Director)

BOARD COMMITTEES

Audit and Risk Management Committee

Low Yong Heng (Chairman)
Tania Scivetti
Nadanarajah A/L Ramalingam

Investment Committee

(Established w.e.f. 31 December 2021)

YM Tengku Shamsulbhari Bin Tengku Azman Shah
(Chairman)

Chang Chee Ching

Lim Paik Goot

Nomination Committee

Tania Scivetti (Chairperson)
Datuk Seri Tan Choon Hwa
Nadanarajah A/L Ramalingam

COMPANY SECRETARIES

Mohd Zakie bin Soad (LS0008268)
(SSM PC NO. 201908002382)
(Appointed w.e.f. 31 March 2022)

Goh Chooi Woan (MAICSA 7056110)
(SSM PC NO.201908000145)
(Resigned w.e.f. 31 March 2021)

Wong Chooi Fun (MAICSA 7027549)
(SSM PC NO.201908002976)
(Resigned w.e.f. 24 September 2021)

Lim Paik Goot (MIA 13304)
(SSM PC NO.202008001525)
(Resigned w.e.f. 12 August 2021)

Remuneration Committee

Datuk Seri Tan Choon Hwa (Chairman)
Tania Scivetti
Low Yong Heng

Share Issuance Scheme Committee

(Established w.e.f. 01 June 2021)

Nadanarajah A/L Ramalingam (Chairman)

YM Tengku Shamsulbhari Bin Tengku
Azman Shah

Datuk Seri Tan Choon Hwa

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

Corporate Information

(cont'd)

PRINCIPAL BANKERS

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

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
Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING

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

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

CORPORATE WEBSITE

<https://www.cnasia.com/>

Corporate Structure



100%

Chip Ngai Engineering Works Sdn Bhd

(Registration No.: 197001000934 (010217-A))

(Incorporated in Malaysia)

Manufacturing and trading of underground and skid tanks, dish ends, pressure vessels, road tankers, piping for the petroleum industry and that of specialised engineering, fabrication and sub-contractor for civil engineering works

100%

Southborn Capital Sdn Bhd

(Registration No.: 202001031720 (1388040-X))

(Incorporated in Malaysia)

Provision of financial through money mending business

100%

Asia Tank Containers (Malaysia) Sdn Bhd

(Registration No.: 199601032298 (404650-W))

(Incorporated in Malaysia)

Dormant

100%

CN Asia Capital Sdn Bhd

(Registration No.: 199701030524 (446023-T))

(Incorporated in Malaysia)

Dormant

100%

Douwin Sdn Bhd

(Registration No.: 199001014325 (205994-P))

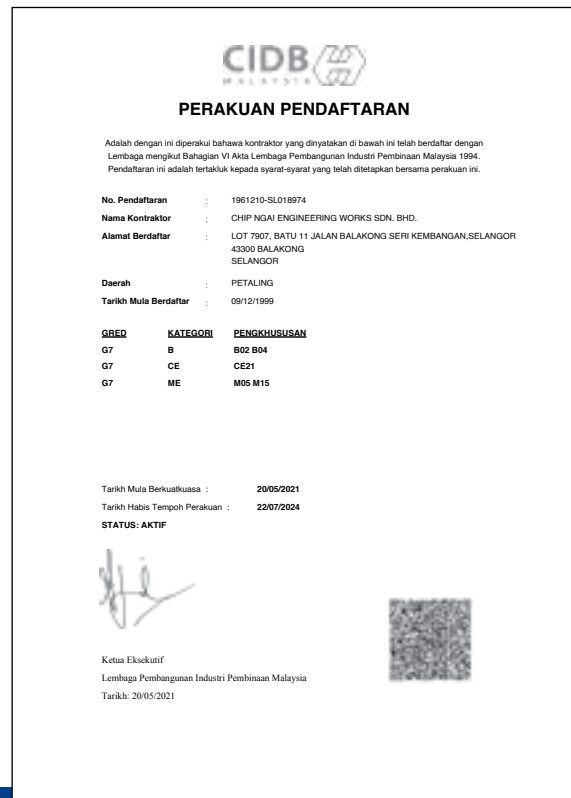
(Incorporated in Malaysia)

Dormant

Certification and Accreditation



ISO 9001:2015



CIDB



UL 58 & UL 1746



MOF

Certification and Accreditation

(cont'd)



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)



STORAGE TANK AND
PRESSURE VESSELS



FABRICATION OF
TANKER BODY



MANUFACTURE AND ASSEMBLY OF TRUCKS,
TANKERS AND SPECIAL PURPOSE VEHICLES



MONEY LENDING LICENCE

The Group's Business

CN Asia Corporation Bhd was incorporated in Malaysia on 23 August 1996 as an investment holding company. The Group's manufacturing segment can be categorised into 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

The Group's Business

(cont'd)

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.



The Group's Business

(cont'd)

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 62
- 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 65
- 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 and 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 Metronic Global Berhad, Jiankun International Berhad and SMTrack Berhad.

Y.M TENGKU SHAMSULBHARI BIN TENGKU AZMAN SHAH

Executive Director

- Aged 64
- 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 67
- 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 and Tax Agent.

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. He was subsequently appointed as an executive director of a small information technology company listed on the Ace Market of Bursa Malaysia in 2016, 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 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.

Profile of Directors

(cont'd)

**YANG BAHAGIA
PUAN SRI TANIA
SCIVETTI**

Independent Non-Executive Director

- Aged 48
- 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 52
- 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 77
- 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	None	Yes
YM Tengku Shamsulbhari Bin Tengku Azman Shah	Yes #	None	None	Yes
Chang Chee Ching	Yes #	None	None	None
Tania Scivetti	None	None	None	None
Low Yong Heng	None	None	None	None
Nadanarajah A/L Ramalingam	None	None	None	None

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

In respect of share options granted under the Company's Share Issuance Scheme

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

Name of Directors	Board Committee (Date appointed)			
	Audit & Risk Management	Remuneration	Nomination	Share Issuance Scheme
Dato' Sri Zulkifli Bin Abdullah (Resigned w.e.f. 11 May 2021)	-	-	-	-
Datuk Seri Tan Choon Hwa	-	√ (24 Feb 2021)*	√ (24 Feb 2021)	√(01 Jun 2021)
YM Tengku Shamsulbhari Bin Tengku Azman Shah	-	-	-	√(01 Jun 2021)
Tania Scivetti	√(26 Jan 2021)	√ (24 Feb 2021)	√(24 Feb 2021)*	-
Low Yong Heng	√(26 Jan 2021)*	√ (11 May 2021)	-	-
Nadanarajah A/L Ramalingam	√(26 Jan 2021)	-	√(24 Feb 2021)	√(01 Jun 2021)*

* 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. Detail of the Directors' attendance at Board meetings held during the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement of this Annual Report.

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	74/ Male/ Malaysian	<ul style="list-style-type: none"> Bachelor of Engineering (Hons.) degree in Mechanical Engineering, University Malaya FIEM Professional Engineer 	<ul style="list-style-type: none"> 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	52 Female/ Malaysian	<ul style="list-style-type: none"> Bachelor of Accountancy (Hons.), University Utara Malaysia Master in Business Administration, University Putra Malaysia Member of Malaysian Institute of Accountants 	<ul style="list-style-type: none"> 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	70/ Male/ Malaysian	<ul style="list-style-type: none"> Secondary school level 	<ul style="list-style-type: none"> 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/ Senior Project Manager	35/ Male/ Malaysian	<ul style="list-style-type: none"> Bachelor of Engineering (Hons.) First Division, Mechanical Engineering University of Sunderland. 	<ul style="list-style-type: none"> Joined in March 2013 as an Assistant Production Engineer and was promoted to Head of Purchasing position in June 2015 and subsequently promoted as Senior Project Manager in 2020.
Cham Thean Ho Project Sales Manager	29/ Male/ Malaysian	<ul style="list-style-type: none"> Bachelor of Aerospace Engineering (Hons), University Putra Malaysia 	<ul style="list-style-type: none"> Joined in June 2020 as a Project Sales Engineer and was promoted to current position in 2021.

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 2021 (“FYE 2021”). On behalf of the Board, I would like to record our sincere appreciation for your continued support of our Company, as we endeavour to create sustainable value for all of you. I also summarise hereunder the Management Discussion and Analysis (“MD&A”) to provide insights into CN Asia’s business operations, financial performance and expectations going into 2022.

This MD&A should be read in conjunction with the financial statements and the related notes of CN Asia for the FYE 2021. The Group reports its financial position, results of operations and cash flows in accordance with Malaysia Financial Reporting Standards (“MFRS”) and applicable 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 2021 has continued in the similar wave as in the previous year for Malaysia and the entire world as we contended with the continued impact of the disruption from the global COVID-19 pandemic. Despite the sign of improvement shown in the global economic outlook, the impact of the prolonged COVID-19 pandemic has continued to pose challenges and affected the business of the Group 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. Throughout the FYE 2021, CN Asia has been actively exploring in diversifying and widening its business scope for additional income streams and to minimise the Group’s dependency on its existing businesses.

In June 2021, CN Asia acquired a new subsidiary, namely Southborn Capital Sdn Bhd (“Southborn”) for a total cash consideration of RM160,000.00. Southborn is principally engaged in the provision of financial services, in particular to provide money lending service. It holds a money lender’s license issued by the Ministry of Housing and Local Government under the Moneylenders Act 1951, which is valid until 3 December 2022. In this respect, the Group expects to provide financing schemes that caters to a wide range of customers, ranging from start-up entrepreneurs to small-medium enterprises.

Save for the abovementioned, there has been no significant change in the Group’s customer base, products, services and revenue stream as compared to the preceding year.

PERFORMANCE REVIEW

Revenue and Earnings

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

	FYE 2021 RM’000	FYE 2020 RM’000
Revenue	11,657	14,718
Gross profit	211	167
Loss before tax	(11,790)	(4,227)
Tax expense	120	(876)
Loss after tax	(11,670)	(5,103)
Loss per share (sen)	(9.95)	(9.74)
Net assets per share (sen)	46.46	75.83

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

The Group recorded total revenue of RM11.7 million in FYE 2021 compared to of RM14.7 million in FYE 2020, representing a decrease of RM3.1 million or 20.8%. Revenue contributed from the manufacturing segment recorded a decrease of RM3.2 million, particularly in road tankers, compared to the FYE 2020. The Group's financial services segment contributed revenue of RM0.2 million in the current financial year. For the manufacturing segment, revenues from road tankers plunged by RM5.5 million whereas revenue from other divisions collectively increased by RM2.3 million. The ratio of revenue derived from domestic market and export markets of the manufacturing segment was 61.4% and 38.6% respectively for FYE 2021, as compared to 37.0% and 63.0% respectively for FYE 2020.

The overall decrease in revenue was largely attributable to the drop in exports of road tankers coupled with disruption from the on-going stringent COVID-19 standard operating procedures ("SOPs"). The Group suffered unexpected delay in overall production and delivery progress due to the disruption in supply chains during the reimplementation of Movement Control Order ("MCO") imposed by the Government in May 2021 as a result of the resurgence in COVID-19 cases in Malaysia. The reimplementation of MCO has affected the Group's equity and net income during the FYE 2021.

The Group's gross profit ("GP") margin remained low at 1.8% (FYE 2020: 1.1%) due to higher material and project costs as a result of disruption from the on-going stringent COVID-19 procedures.

The Group reported a higher loss before tax ("LBT") of RM11.8 million compared to a LBT of RM4.2 million in the preceding year. The increase was mainly attributable to recognition of share options expenses amounting to RM8.4 million derived from the share options granted to eligible employees in FYE 2021 under the Company's Share Issuance Scheme ("SIS"). The tax for the FYE 2021 was in respect of tax provided on interest revenue earned from placement of fixed deposits offset by the overprovision of tax expense in prior year. The Group's effective tax rate for the FYE 2021 was lower than the statutory tax rate mainly due to utilisation of unabsorbed tax losses.

	FYE 2021 RM'000	FYE 2020 RM'000
Selling and distribution expenses	26	119
Administrative expenses	11,922	3,947
Other operating expenses	146	984
Other income	320	844
Finance costs	227	187

The administrative expenses increased to RM11.9 million compared to RM3.9 million registered in the preceding year, representing a substantially of 202.1%. The increase was mainly contributed by the share options expenses of RM8.4 million and partly set off by the decrease in the directors' remuneration and cost control measures undertaken in the current financial year. The decrease in other operating expenses was mainly due to lower impairment loss provision on trade receivables in FYE 2021 of RM0.1 million (FYE 2020: RM0.8 million).

Finance costs increased by 21.4% mainly due to the drawdown of term loan to part finance the acquisition of land. Other income decreased by 61.4% mainly attributable to withdrawal of fixed deposits which was utilised to fund the construction of new factory in addition to low interest rate earned on fixed deposits.

The Group recorded a basic loss per ordinary share ("LPS") of 9.95 sen in FYE 2021 as compared to a LPS of 9.74 sen in FYE 2020, whilst net assets per share reduced to 46.46 sen as at 31 December 2021 from 75.83 sen as at 31 December 2020. Both the basic earnings per share and net assets per share for FYE 2021 and FYE 2020 were calculated based on the weighted average number of ordinary share of 117.3 million (2020: 52.4 million), taking into consideration the effects of the increase in the issued share capital of the Company from 54,912,770 to 178,719,910 ordinary shares by the issuance of 123,807,140 new ordinary shares of which 33,201,200 new ordinary shares were issued via Private Placements and 90,605,940 new ordinary shares were issued via a Bonus Issue which were undertaken and completed during the FYE 2021.

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

Assets and Liabilities

	FYE 2021 RM'000	FYE 2020 RM'000
Assets		
Non-current	25,820	9,876
Current	38,278	38,118
Total assets	64,098	47,994
Equity and Liabilities		
Equity	54,481	39,746
Liabilities		
Non-current	3,982	479
Current	5,635	7,769
Total liabilities	9,617	8,248
Total equity and liabilities	64,098	47,994

The Group's total assets increased from RM48.0 million as at 31 December 2020 to RM64.1 million as at 31 December 2021, representing an increase of RM16.1 million or 33.6%. The increase in non-current assets was mainly attributable to the capitalisation of construction costs of its new factory commenced during the financial year and the extension of the tenor of tenancy of the existing factory. There was no material fluctuation in the current assets compared to the previous financial year.

The Group's total liabilities increased from RM8.2 million as at 31 December 2020 to RM9.6 million as at 31 December 2021, an increase of RM1.4 million or 16.6% attributable to the increase in term loan drawdown of RM3.4 million in the current financial year to part finance the acquisition of land and reduction in the utilisation of short-term facilities.

As at 31 December 2021, the Group's current assets exceeded current liabilities by RM32.6 million (FYE 2020: RM30.3 million) 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 decreased to 116 days in FYE 2021 from 134 days in FYE 2020 as the Group took reasonable effort to improve the delivery of finished products despite the disruption owing to the COVID-19 pandemic coupled with the low volume of activities during the year. Inventories stood at RM3.6 million as at 31 December 2021 compared to RM5.3 million as at 31 December 2020.

The Group maintained the average trade receivables turnover of 39 days in FYE 2021 (FYE 2020: 39 days) as the Group has been actively reviewing and monitoring its trade receivables and took active steps to ensure recoverability of its trade receivables with sufficient allowance for impairment of trade receivables made during the year. There are regular meetings held between the finance team and the sales team to co-ordinate and monitor the collection of the receivables. The trade receivables that are past due for more than 60 days amounted to RM0.2 million, representing 19% of the total trade receivables of the Group as at 31 December 2021, had been recovered subsequent to the financial year end.

For the money lending business, the Group has established strict credit check on potential borrowers as part of the credit risk assessment prior to granting the loans. During the FYE 2021, Southborn has granted loans of RM14.0 million to third parties. These borrowers will be reviewed on an annual basis to ensure that their credit standing remained intact.

Shareholders' equity increased from RM39.7 million as at 31 December 2020 to RM54.5 million as at 31 December 2021, representing an increase of RM14.7 million or 37.1%, as a result of the issuance of 123,807,140 new ordinary shares of which 33,201,200 new ordinary shares were issued via Private Placements and 90,605,940 new ordinary shares via a Bonus Issue which were undertaken and completed during the year.

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

Cash, Bank Balances and Borrowings

	FYE 2021 RM'000	FYE 2020 RM'000
Net Cash Used In Operating Activities	(14,510)	(2,137)
Net Cash (Used In)/Generated From Investing Activities	(17,111)	771
Net Cash Generated From/(Used In) Financing Activities	21,267	(939)
Net Decrease in Cash and Cash Equivalents	(10,354)	(2,305)
Cash And Cash Equivalents At End of the Financial Year	3,615	13,969

The Group's cash and cash equivalents decreased from RM14.0 million as at 31 December 2020 to RM3.6 million as at 31 December 2021, representing a drop of RM10.4 million or 74.1% mainly due to funds used to finance the construction of the new factory that commenced during the year. The Group continued to maintain a relatively low debt to equity ratio of 0.18 times as at 31 December 2021 as compared to 0.21 times as at 31 December 2020.

ANTICIPATED OR KNOWN RISKS

The year 2021 marked another challenging year to CN Asia, apart from the continued unprecedented global COVID-19 pandemic; the change economic and geopolitical environment, the volatility of Malaysian Ringgit against other foreign currencies and the surge in the raw material prices that the Group is exposed to, the Group has been forcefully going through the hard time in this eventful year. In the first quarter of 2022, there has been sign of economic recovery and that the proposal to reopen the country's border in April 2022 may lead to positive business prospect to the economic environment. Nonetheless, the recent Russia-Ukraine conflict may be a threat to the Malaysia's emerging export-led recovery. The adverse impact has already been felt in the form of escalating oil prices and major stock market whippings where Malaysia's investment funds have large exposure.

In view of the current state of condition, the Group is expected to expose to several key business risks that may have adverse effects on the Group's operations and financial performance. In this regard, the Group will continue to take precautionary measures and remain resilient to manage the price competitiveness of its products and services which forms the major component of the Group's strategy to mitigate the adverse effects of the risks and to sustain its business.

The Group remains committed in strengthening its core business and will continue to explore and identify new opportunities and markets to deliver value to its shareholders. In the year 2021, the Group's new subsidiary, Southborn, has granted loans of RM14.0 million to third parties small-medium enterprises and start-ups involved in construction, logistics, film making and rubber glove manufacturing. The money lending business is expected to provide the Group with a new source of revenue and in turn contribute positively to the financial performance of the Group. The money lending business may expose the Group to credit risk. To minimise its exposure to this risk, the Group has imposed strict credit checks on potential borrowers prior releasing the loan and constantly monitor the credit stand of these borrowers to ensure recoverability of the interest and principal loan sum extended. The Group is expecting the demand for loans to continue with additional loans of RM6.0 million granted to third parties in the first quarter of year 2022.

In view of the constant disturbance of COVID-19 pandemic, the Group has further enhanced the procedures to ensure minimum disruption to its overall operations. The Group has been emphasising on Health, Safety and Environment ("HSE") practices to ensure the safety and wellbeing of its employees, customers, suppliers and contractors whilst charting a path towards recovery and growth of the Group. Along the way, the Group strive to cope with operating within restrictions of the "new normal" in compliance with the SOPs stipulated by the authorities and the government. To minimize the impact to the Group's business, we have put in place the measures to allow employees to work from home, if necessary, and to allow remote access to office email to ensure the day-to-day operations of the Group remain active and at the same time to communicate with the stakeholders through online meetings and other web-based communications.

The Audit and Risk Management Committee together with all members of the Board, and the outsourced Internal Auditors will 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.

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

MOVING FORWARD

Proposed Acquisition and Relocation Plan

The Proposed Acquisition was completed on 4 June 2021 and the relocation to the proposed new manufacturing facility will be deferred to 7 December 2024 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.

Memorandum of Understanding/Agreement

Throughout the year 2021, the Group has been actively exploring new business ventures to expand its revenue base with the intention to improve its financial performance. The Memorandum of Understanding ("MOU") entered into with Intcys Sdn Bhd on 7 January 2021 to form a digital banking business consortium catering to the women market has subsequently lapsed as the date for submission of the relevant application has passed. Despite some fallback in realizing new business proposal, the effort in exploring new business opportunities have never been exhausted.

On 12 October 2021, the Group entered into a Memorandum of Agreement ("MOA") with Poly China United Capital Holdings Limited ("Poly") to collaborate in exploring opportunities in green energy and drones' technology.

On 14 December 2021, a tripartite MOU was entered into between CN Asia with HK Bebao Group Co., Limited ("Bebao") and Top Metaverse Group Sdn Bhd ("Metaverse") with the intention to form a consortium with Metaverse and Bebao to promote the various NirvanaMeta products developed by Bebao to customers and users in Malaysia and Southeast Asia.

On 28 February 2022, the Group entered into a Head of Agreement with Markmore Energy (Labuan) Limited ("MELL") and CaspiOil Gas LLP ("COG") (collectively "Parties"). Pursuant to the HOA, CN Asia intends to produce and process the hydrocarbon which include liquid and gaseous hydrocarbon in the Rakushechnoye Oil and Gas Field by investing and developing into a Central Processing Complex to be sited at the Rakushechnoye Oil and Gas Field together with COG ("Project"). The Parties had further negotiated the terms and conditions of the Project and in relation thereto, a Framework Agreement ("FA") was entered into between the Parties on 11 April 2022.

As at to-date, CN Asia is in the midst of formulating the feasible business model and proposal in relation to the MOA with Poly, MOU with Bebao and FA with MELL and COG to enter into definitive agreements in detailing the rights and obligations of the parties concerned.

Corporate Proposals

In 2021, the Company has undertaken and completed the following corporate proposals: -

- (i) On 23 February 2021, Multiple Proposals comprising of a private placement of up to 10% of the total number of issued shares of the Company ("Private Placement 1"), 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 and establishment of a share issuance scheme ("SIS") of up to 15% of the total number of issued shares for eligible directors and employees of the Company and its subsidiaries was announced. Private Placement 1 was completed on 5 May 2021 with the listing and quotation of 5,491,200 Placement Shares on the Main Market of Bursa Securities. The proposal to issue Warrants and SIS were approved by the shareholders at an Extraordinary General Meeting ("EGM") held virtually on 11 May 2021. The bonus issue of warrants was completed on 14 June 2021 with the listing and quotation of 30,201,970 Warrants on the Main Market of Bursa Securities and the SIS was implemented and became effective on 15 June 2021 for a period of five (5) years expiring on 14 June 2026.
- (ii) On 19 April 2021, the Company undertook the bonus issue of up to 90,605,955 new ordinary shares in the Company ("Bonus Shares") on the basis of 3 Bonus Shares for every 2 existing CN Asia Shares held on an entitlement date. The Company obtained approval from Bursa Securities on 22 April 2022 and shareholders' approval for the proposed bonus issue of shares was obtained at the EGM held virtually on 11 May 2021. The bonus issue of shares was completed on 2 June 2021 with the listing and quotation of 90,605,940 Bonus Shares on the Main Market of Bursa Securities.
- (iii) On 22 June 2021, the Company undertook a private placement of up to 15,000,000 new ordinary shares of the Company ("Private Placement 2") to third party investor(s) to fund the money lending business of Southborn. Private Placement 2 was approved by Bursa Securities on 25 June 2021 and was completed on 22 October 2021 with the listing and quotation of 15,000,000 Placement Shares on the Main Market of Bursa Securities.

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

- (iv) On 12 November 2021, the Company undertook a further private placement of up to 12,710,000 new ordinary shares of the Company ("Private Placement 3") to third party investor(s) to further fund the money lending business of Southborn. Private Placement 3 was approved by Bursa Securities on 18 November 2021 and was completed on 31 December 2021 with the listing and quotation of 12,710,000 Placement Shares on the Main Market of Bursa Securities.

Through the various Corporate Proposals undertaken during the year 2021, CN Asia increased its issued share capital from RM42,097,821 as at the beginning of year 2021 to RM60,765,343 as at 31 December 2021 via the issuance of 33,201,200 new shares in the Company through private placements. The total proceeds raised from the private placements during the year amounted to RM18.7 million, of which the money lending business utilised RM11.4 million with the balance of RM2.8 million remain unutilised as at to-date. The status of utilisation of proceeds from Corporate Exercises were reported in the Company's quarterly financial results.

Future Outlook

The Group will continue to face challenging and uncertain economic and market conditions caused by the COVID-19 pandemic including the recent Russia-Ukraine conflict and global sanctions imposed on Russia. With the recent relaxation of pandemic SOP and the proposal to open up the country's borders, we remain cautiously optimistic that the demand for our products and services will not be significantly dampened in spite of the uncertain economic and geopolitical conditions. We remain focused to further strengthen our core business, improving operational efficiencies while exploring new business opportunities to expand the scope of products and services offered, and to expand to new markets and product segments.

During these challenging times, we 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 also planned to diversify its business into other segments to strengthen its position and financial performance. The money lending business undertaken by Southborn marked the first milestone of the Group's diversification plan. The various MOUs entered into by CN Asia with the respective parties are part of its diversification effort moving forward.

The Government's decision to reopen the international borders with a majority of the population being vaccinated, after having shut down for two years and lower hospitalization of infected persons due to COVID-19 may indicate a shift to considering COVID-19 endemic. We are enthusiastic to look forward to a smooth transition of this move while getting ready to the transformation to ensure minimal disruption to the business operation and will take preventive measures if deemed necessary.

Premised on the above and barring any unforeseen circumstances, the Board is cautiously optimistic that the Group is well positioned to navigate the challenging environment for the financial year ending 31 December 2022.

DIVIDEND

The Board does not propose any dividend for FYE 2021.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to place on record my sincere appreciation to CN Asia's management team and employees for their continuous and vigilant support and involvement, especially under the stewardship of the executive directors, YM Tengku Shamsulbhari bin Tengku Azman Shah and Mr Chang Chee Ching, who enabled the Group to navigate through the tough business environment throughout the year 2021.

I am pleased to acknowledge 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 trust in CN Asia.

Last but not least, I would like to express my gratuity to my fellow Board members for their devotion and wise counsel in the various Board Committees in 2021.

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.

Dato' Sri Zulkifli bin Abdullah
Chairman

Audit and Risk Management Committee Report

The Board of Directors of the Group is pleased to present the Audit and Risk Management Committee (“ARMC” or the “Committee”) Report for the financial year ended 31 December 2021.

MEMBERS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman

Low Yong Heng *(Independent Director)*

Members

Tania Scivetti *(Independent Director)*

Nadanarajah A/L Ramalingam *(Independent Director)*

The ARMC comprises three (3) Non-Executive Directors, all of whom are Independent Directors. The Chairman of the ARMC, Mr. Low Yong Heng is a member of the Malaysian Institute of Accountants and the Certified Practicing Accountants Australia.

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

The Committee carries out its duties and responsibilities in accordance with its Terms of Reference which is available on the Company’s website at <https://www.cnasia.com>.

The ARMC has the authority to investigate any matter within its Terms of Reference. In this regard, ARMC has full and unrestricted access to any information pertaining to the Group, co-operation from Management, direct communication channels with the external and internal auditors and reasonable resources to enable it to discharge its functions appropriately.

MEETINGS

There were five (5) ARMC meetings held during the financial year ended 31 December 2021. The details of attendance of the ARMC members are as follows: -

ARMC Member	Meeting Attendance
Low Yong Heng	5/5
Tania Scivetti	4/5
Nadanarajah A/L Ramalingam	5/5

The meetings were conducted with the quorum of two (2) ARMC members and all the members present at the meetings were Independent Non-Executive Directors.

The Company Secretaries were in attendance during all the meetings. The Group Financial Controller, the outsourced internal auditors, GovernanceAdvisory.com Sdn Bhd, and the external auditors, Messrs. Ong & Wong were invited to deliberate on matters within their responsibilities during the meetings.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting. The ARMC has been given adequate resources to discharge its functions and has full and unrestricted access to and cooperation of Management. After each ARMC meeting, the ARMC Chairman reported on matters deliberated to the Board for their notation including matters of significant concern as and when raised by the External Auditors or Internal Auditors. Matters reserved for Board approvals are tabled at Board meetings. The Committee may also take action by way of circular resolutions in lieu of convening a formal meeting as and when deemed necessary.

Audit and Risk Management Committee Report (cont'd)

SUMMARY OF ACTIVITIES

The main activities carried out by the ARMC 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 2021.
- 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.
- Reviewed and considered the External Auditors' Assessment Policy and recommended to the Board for adoption.
- 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 2021 and recommended to the Board for approval.
- Reviewed the Audit and Risk Management Committee Report, Additional Compliance Information, Statement on Risk Management and Internal Control and Particulars of Properties owned by the Company, 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 2021 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 the COVID-19 pandemic, considered the impairment on the Group's receivables and recommended to the Board for approval.
- Reviewed and verified the allocation of share options to the Group's eligible employees in compliance with the criteria set out in the By-Laws of the Company's Share Issuance Scheme ("SIS") at the end of the financial year.
- Reviewed the adequacy of credit risk assessment of the money lending operations undertaken by its wholly-owned subsidiary.
- Reviewed the quarterly reports of its money lending activities to ascertain compliance with the relevant legal and regulatory requirements, and prior to recommending to the Board for approval.
- Reviewed Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's views on the acceptable and appropriate level of risks faced by the Group.
- Oversaw the risk management activities of the Group with the support from the Executive Directors and Senior Management of the Group in the implementation of the Board's policies & procedures on risk management.
- Reviewed and evaluated operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks.
- Reviewed and deliberated the group's risk profile including the risk assessment process conducted by the respective department and recommended to the Board for approval.

Audit and Risk Management Committee Report (cont'd)

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 Director and functionally to the ARMC Committee. The professional fees paid to the outsourced internal auditors during the financial year ended 31 December 2021 amounted to RM16,960 (2020: RM23,320). 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 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 business development function which include the sales ordering processing, discounts and rebates policy, accomplishment of customers' order and costing computation, quotation system management, timeliness of delivery and the invoicing procedures to ensure that the existence and compliances of the structured and periodic reporting and monitoring of the business development management system as well as the manner applied in achieving the sales targets and fulfilment of customer satisfaction as a goal.
- Carried out special reviews and more detailed inquiries on issues noted during the audits and/or as requested by the management and/or the ARMC, and issued reports accordingly to the management and/or the ARMC, where applicable.

Further details on the risk management and internal control of the Company 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 the manner in which the Group has applied the principles and practices as set out in the revised Malaysian Code on Corporate Governance which was issued by the Securities Commission and took effect on 28 April 2021 (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 <https://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 risks, 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 the Company’s financial and non-financial reporting; and
- ensuring that the Company has in place procedures for 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 to 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 practiced 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 and Risk Management Committee
- Nomination Committee
- Remuneration Committee
- Share Issuance Scheme Committee
- Investment Committee

The Board established the Investment Committee during the FYE 2021 to assist the Board of Directors by delegating their responsibilities to assess and review any potential investment(s) or proposal(s) of the Group with the aim to continue building the Group’s business to be a sustainable business that delivers value to all its stakeholders. Once approved by the Board, the progress and execution of the plans, sustainability strategies and initiatives will be monitored and supervised by the Investment Committee which is chaired by an Executive Director.

The powers delegated to each of the Board Committees are set out in the respective Terms of Reference as approved and regularly reviewed by the Board. These Terms of Reference are made available on the Company’s website at <https://www.cnasia.com>.

Corporate Governance Overview Statement

(cont'd)

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

1.2 The Chairman

The Board appointed Dato' Sri Zulkifli Bin Abdullah, an Independent Director, to be Chairman, who is able to ensure effective conduct and deliberate matters at Board meetings. He also provided strong leadership leading the Board's priority more objectively in driving the focus on governance and compliance, though his primary responsibility is running and leading the discussion at the Board level.

1.3 Chairman and Executive Directors

The positions of Chairman and Executive Directors are held by three (3) distinct individuals which are in line with the recommendations of the Code. The distinct and separate roles of the Chairman and the two (2) 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 focuses on the day-to-day operations and management of the Group.

YM Tengku Shamsulbhari Bin Tengku Azman Shah and Mr. Chang Chee Ching, the Executive Directors, with the assistance and support from the Key Senior Management, are responsible for managing the day-to-day operations and 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.

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

1.4 Chairman is not a member of Board Committees

The Chairman, Dato' Sri Zulkifli Bin Abdullah, is not a member of any of the Company's Board Committees.

1.5 Suitably qualified and competent company secretaries

The Board is assisted by a qualified competent Company Secretary, Ms. Goh Chooi Woan, who is a member of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act 2016. She provides sound governance advice and advocates the adoption of corporate governance best practices to the Board. The Company Secretary discharges her function with her attendance in the Board and Board Committee meetings and advises the Board on the Board's adherence of rules, policies and procedures in compliance with the relevant regulatory requirements, codes or guidance and legislations. As a practicing company secretary, she keeps abreast with the regulatory changes and corporate governance development, and had attended conferences and training programmes during the FYE 2021.

The Company Secretary also ensures that there is good information flow within the Board and between the Board, Board Committees and Key Senior Management. The Company Secretary is 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 Board prior to the meetings for their perusal before confirmation of the minutes at the commencement of the next Board and Board Committee meetings.

The Board has full and unlimited access to the Company Secretary who is always available to provide the Directors with the appropriate advice.

The Company Secretary circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board quarterly on these updates, where applicable at Board meetings. Hence, the Directors are continually updated on the Group's business and the regulatory requirements.

Ms. Goh resigned as Company Secretary of the Company and in place thereof, Encik Mohd Zakie bin Soad is appointed as Company Secretary of the Company with effect from 31 March 2022.

Corporate Governance Overview Statement

(cont'd)

1.6 Access to information and advice

All members of the Board have full and unrestricted access to any information about the Company, the advice and services of the Company Secretary, 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 notified/issued by circulating through emails and briefings, 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 Secretary.

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

The deliberations and conclusions of issues discussed in the Board and Board Committees meetings are duly recorded in the minutes. 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 practices to ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Board Charter is available on the Company's website at <https://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 adopted are reviewed periodically by the Board. It is made available on the Company's website at <https://www.cnasia.com>.

3.2 Whistleblowing Policy

The Company believes that 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 that may be committed within the organisation. Should any employee 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 in strict confidence unless otherwise required to be disclosed by the law or court order.

The Whistleblowing Policy is 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 <https://www.cnasia.com>.

Corporate Governance Overview Statement

(cont'd)

3.3 Anti-Bribery and Corruption Policy

The Company has established an Anti-Bribery and Corruption ("ABC") Policy to observe and uphold its position in the case of bribe, corruption, gifts, facilitation payment and kickbacks. The objectives of this policy is 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 is 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 <https://www.cnasia.com>.

4. Governance of Sustainability

The Board together with the Management acknowledges their responsibility to ensure sustainability efforts are embedded in the strategic direction of the Group to promote sustainability in areas covering health, safety and environment ("HSE"), social and governance. The Board exercises oversight over the company's performance with respect to sustainability practices and reporting. As part of the fiduciary duty to our shareholders, the Board is focused on maintaining good corporate governance practices, which are in line with our values and culture. The Board entrusted the Company's Sustainability Working Committee, a management committee comprising a director from the Board which acts as Chairman, key management personnel and heads of department within the Group where material sustainable matters are managed by various departments within the Group with the support from all staff within the Group. Further information on the Company's approach towards sustainability is provided in the Sustainability Statement as set out in this Annual Report.

Part II - Board Composition

5. Board's Objectivity

5.1 Composition of the Board

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

Name of Directors	Designation	Independent
Dato' Sri Zulkifli Bin Abdullah	Independent 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 Director	Yes
Low Yong Heng	Independent Director	Yes
Nadanarajah A/L Ramalingam	Independent Director	Yes

There are four (4) Independent Directors representing approximately 57% of the Board who demonstrates independence of judgement and ensure board decisions are made objectively in the best interests of the Company. The Independent Directors provide checks and balances for the effective and efficient functioning of the Board.

In the event of a 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

(cont'd)

5.2 Tenure of Independent Director

The Board is mindful of the recommended best practices in relation to limiting the tenure of independent director to nine (9) years and therefore has proposed some amendments to its Constitution to be approved at the forthcoming annual general meeting of the Company. Once approval is obtained, it would be in line with the recommendation of the Code. The Company will set the policy that limit the tenure of its Independent Director to a cumulative term of nine (9) years in its Board Charter. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to re-designation as Non-Independent Director. In the event the Board intends to retain the Director as Independent Directors after serving for nine (9) years, the Board must justify the decision and seek for shareholders' approval through a two-tier voting process at the general meeting.

In order to ensure independent and objective judgment is brought to the Board's deliberation by 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 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 Independent Directors of the Board, namely Dato' Sri Zulkifli Bin Abdullah, Madam Tania Scivetti, Mr. Low Yong Heng and Nadanarajah A/L Ramalingam, have only served the Board since 2021.

5.3 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.

5.4 New Candidates for Board Appointment

Since the last report, there is no new appointment of director.

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.

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.

5.5 Nomination Committee

The Nomination Committee is chaired by an Independent Director. The Nomination Committee is 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.

Corporate Governance Overview Statement

(cont'd)

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 Director	Chairperson
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	Member
Nadanarajah A/L Ramalingam	Independent Director	Member

The Terms of Reference of the Nomination Committee are reviewed, updated and adopted at a Board meeting held during the financial year. It is made available on the Company's website at <https://www.cnasia.com>.

5.6 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, 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. Currently, there is one (1) female director on Board, Madam Tania Scivetti, representing 14.3% female participation on the Board.

The current Board members were appointed at the beginning of year 2021 and have not formalised a specific policy on female participation on the Board. Nevertheless, the Board is committed to providing 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.

6. Overall Board Effectiveness

6.1 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 of the Nomination Committee. The Board, through the recent review and assessment of the Nomination Committee, confidently believes that the size and composition of the Board is appropriate, balanced and that there is an appropriate mix of skills, experiences and expertise as well as core competency to discharge their 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 terms of board size, composition, the conduct of board meetings, 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.

In the case of individual Directors, peer and self-assessment are carried out to evaluate their strategic direction, ethical and values are driven, knowledgeable, diligent, team player and personal development, such as the 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 strengths and weaknesses in discharging their duties and responsibility as a member of the Board as well as continuously improving themselves to keep updated to counter 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 subject to re-election by shareholders and all directors shall retire from office once every three (3) years but shall be eligible for re-election.

Corporate Governance Overview Statement

(cont'd)

6.2 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 2021, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions, the 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 Board at the Board Meetings held during the financial year are as follows:

Name of Directors	Attendance of Meetings	Percentage (%)
Dato' Sri Zulkifli Bin Abdullah	5/5	100
Datuk Seri Tan Choon Hwa	3/5	60
Y.M Tengku Shamsulbhari Bin Tengku Azman Shah	5/5	100
Chang Chee Ching	5/5	100
Tania Scivetti	4/5	80
Low Yong Heng	5/5	100
Nadanarajah A/L Ramalingam	5/5	100

The following are the details of the attendance of the Board Committees at the Board Committees meetings held during the FYE 2021:-

(i) Audit and Risk Management Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Low Yong Heng	Chairman	5/5	100
Tania Scivetti	Member	4/5	80
Nadanarajah A/L Ramalingam	Member	5/5	100

(ii) Nomination Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Tania Scivetti	Chairperson	0/1	0
Datuk Seri Tan Choon Hwa	Member	1/1	100
Nadanarajah A/L Ramalingam	Member	1/1	100

(iii) Remuneration Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Datuk Seri Tan Choon Hwa	Chairman	1/1	100
Low Yong Heng	Member	1/1	100
Tania Scivetti	Member	0/1	0

Due to the COVID-19 pandemic and subsequent restrictions on traveling and gathering, certain Board members and Board Committee members were unable to be present at the physical meeting, instead, the meetings were held on a virtual combined with physical basis.

Corporate Governance Overview Statement

(cont'd)

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 are disclosed in their respective profiles. The Directors must notify the Board in a timely manner before accepting an invitation to serve on the board of another listed issuer 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.

6.3 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 are 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.

6.4 Directors' Training

At the date of this report, all Directors have successfully attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. 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 the business environment on a continuous basis in compliance with paragraph 15.08 of the MMLR of Bursa Securities.

During the FYE 2021, the Directors have attended seminars and trainings as follows:

Name of Director	Seminar and Training Programmes
Dato' Sri Zulkifli Bin Abdullah	• MAP
Datuk Seri Tan Choon Hwa	• None
Y.M Tengku Shamsulbhari Bin Tengku Azman Shah	• 2022 Budget Seminar
Chang Chee Ching	• MIA Webminar Series: Latest Development in Malaysian Financial Reporting Standards (MFRS)/IFRS and IC Interpretation - An Overview • 2022 Budget Seminar • MAP
Tania Scivetti	• MAP
Low Yong Heng	• MAP
Nadanarajah A/L Ramalingam	• MAP

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 Company Secretary to the Board members for consideration with 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 Secretary 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 issued. The external auditors have also briefed the Board on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

Corporate Governance Overview Statement

(cont'd)

Part III – Remuneration

7. Level and Composition of Remuneration

7.1 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, complexities and performance of the Group as well as skills and experience required for the position.

The objectives of this RPP is 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 <https://www.cnasia.com>.

7.2 Remuneration Committee

The Remuneration Committee is responsible to recommend the remuneration at levels that are sufficient to attract and retain the managers required 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.

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 the majority of the committee members. The remuneration package of the Executive Directors was 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 Remuneration 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
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	Chairman
Dato' Sri Zulkifli Bin Abdullah (Resigned w.e.f. 11 May 2021)	Independent Director	Member
Tania Scivetti	Independent Director	Member
Low Yong Heng (Appointed w.e.f. 11 May 2021)	Independent Director	Member

For the financial year ending 31 December 2022, 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 8.1 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 <https://www.cnasia.com>.

Corporate Governance Overview Statement

(cont'd)

8. Remuneration of Directors and Senior Management

8.1 Directors' remuneration

The Directors' fees payable in respect of the FYE 2021 and the financial year ending 31 December 2022, which are subject to shareholders' approval at the forthcoming Annual General Meeting, are as follows:

Name of Directors	Directorate	2022 Proposed Fees RM	2021 Fees RM
Ariffin Bin Khalid*	Independent Non-Executive Director	-	3,000
Chong Ying Choy*	Non-Independent Non-Executive Director	-	3,000
Dato' Sri Zulkifli Bin Abdullah	Independent Non-Executive Director	72,000	63,000
Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	36,000	33,000
Tania Scivetti	Independent Non-Executive Director	36,000	36,000
Low Yong Heng	Independent Non-Executive Director	36,000	36,000
Nadanarajah A/L Ramalingam	Independent Non-Executive Director	36,000	36,000
Total		216,000	210,000

The aggregate Directors' remuneration paid or payable to each Director of the Company for the FYE 2021 are categorised into appropriate components as follows:

(a) Received from the Company

Name of Director and Directorate	Fees RM	Salaries RM	Benefit-in-kind, defined contribution plan and other emoluments RM	Share options granted under SIS RM	Total RM
Executive Director					
Y.M Tengku Shamsulbhari Bin Tengku Azman Shah	-	-	-	3,240,000	3,240,000
Chang Chee Ching	-	-	-	3,240,000	3,240,000
Independent Non-Executive Director					
Dato' Sri Zulkifli Bin Abdullah	63,000	-	-	-	63,000
Tania Scivetti	36,000	-	-	-	36,000
Low Yong Heng	36,000	-	-	-	36,000
Nadanarajah A/L Ramalingam	36,000	-	-	-	36,000
Ariffin Bin Khalid*	3,000	-	-	-	3,000
Non-Independent Non-Executive Director					
Dato' Seri Tan Choon Hwa	33,000	-	-	-	33,000
Chong Ying Choy*	3,000	-	-	-	3,000
Total	210,000	-	-	6,480,000	6,690,000

Corporate Governance Overview Statement

(cont'd)

(b) Received on Group Basis

Name of Director and Directorate	Fees RM	Salaries RM	Benefit-in-kind, defined contribution plan and other emoluments RM	Share options granted under SIS RM	Total RM
Executive Director					
Y.M Tengku Shamsulbhari Bin Tengku Azman Shah	-	117,742	14,748	3,240,000	3,372,490
Chang Chee Ching	-	237,419	29,113	3,240,000	3,506,532
Independent Non-Executive Director					
Dato' Sri Zulkifli Bin Abdullah	63,000	-	-	-	63,000
Tania Scivetti	36,000	-	-	-	36,000
Low Yong Heng	36,000	-	-	-	36,000
Nadanarajah A/L Ramalingam	3,000	-	-	-	3,000
Ariffin Bin Khalid*	-	-	-	-	-
Non-Independent Non-Executive Director					
Dato' Seri Tan Choon Hwa	33,000	-	-	-	33,000
Chong Ying Choy*	3,000	-	-	-	3,000
Total	210,000	355,161	43,861	6,480,000	7,089,022

* Resigned in January 2021

8.2 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 2021 disclosed in bands of RM50,000 is as follow:

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

9. Effective and Independent Audit Committee

9.1 Chairman of Audit and Risk Management Committee

The Chairman of the Audit and Risk Management Committee, Mr. Low Yong Heng, is an Independent Director, is not the Chairman of the Board. The profile of the Chairman of Audit and Risk Management Committee is set out in the Profile of Directors of this Annual Report.

Corporate Governance Overview Statement

(cont'd)

9.2 Composition of Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three (3) members, who are all Independent Directors. None of the members was a former key audit partner of the Company's external auditors.

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

During the FYE 2021, the members of the Audit and Risk Management Committee undertook various training programmes, seminars, workshops and conferences to keep themselves updated with new regulatory developments and changes affecting the Group which is detailed in item 6.4 – Directors' Training of this statement.

9.3 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 and Risk Management Committee and the external auditors are outlined in the Audit and Risk Management Committee's Terms of Reference made available on the Company's website at <https://www.cnasia.com>. A summary of the works of the Audit and Risk Management Committee during the financial year are set out in the Audit and Risk Management 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 and Risk Management 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 and Risk Management Committee a year in the absence of the Executive Directors and management.

During the FYE 2021, there was one (1) private session held in the Audit and Risk Management Committee meeting between the Audit and Risk Management Committee members, the external auditors and the external company secretary in the absence of an Independent Director, Executive Directors and Management.

The Audit and Risk Management 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 and Risk Management 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 and Risk Management 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 and Risk Management Committee through a set of questionnaires with the answers collated, summarised and deliberated during the Audit and Risk Management 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 and Risk Management 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.

Corporate Governance Overview Statement

(cont'd)

Part II – Risk Management and Internal Control Framework

10. 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 and Risk Management Committee, which comprises solely of Independent Directors, assists 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.

The Group has outsourced the activities and function of the internal audit to external consultants that report administratively to the Executive Directors and functionally to the Audit and Risk Management 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.

11. Effective Governance, Risk Management and Internal Control Framework

The Board acknowledged 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 and Risk Management Committee with periodic internal audit reports that outline 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 the internal audit function of the Group. Further evaluation was carried out by the Audit and Risk Management 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 are 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:-
 - Tee Wei Chung – Associate Member of The Institute of Internal Auditors Malaysia (AIIA); Bachelor of Commerce (Hons) - Accounting;
 - Wong Tchen Cheg – MIA; CPA; Master in Finance & Account; Master in Business Administration - International Business;
 - Lee Chai Ling – AIIA, Bachelor of Business Administration (Hons) – Banking & Finance; and
- The internal audit function is carried out in accordance with a recognised framework.

Further evaluation was carried out by the Audit and Risk Management 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 independence to carry out its function effectively in discharging its duties.

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 and Risk Management Committee Report as set out in this Annual Report.

Corporate Governance Overview Statement

(cont'd)

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

Part I – Engagement with Stakeholders

12. Continuous Communication between the Company and Stakeholders

The Board recognises the importance of effective, transparent and regular communications 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(s), in particular, the various private placements, bonus issue of shares and warrants and share issuance scheme undertaken and completed by the Company during the financial year. Throughout the year 2021, the information on the various memorandum of understanding entered into between the Company with the potential partners have been constantly communicated to the Stakeholders.

The Board has formalised its Corporate Disclosure Policy and Procedure ("CDPP") to enable comprehensive, timely, accurate 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.

The Group maintains its corporate website at 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 by 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

13. 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 the 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 of 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 <https://www.cnasia.com>, which is being updated and enhanced from time-to-time to include corporate, financial as well as non-financial information.

In light of the COVID-19 pandemic, the Company held its 2021 General Meeting virtually. The Remote Participation and Voting ("RPV") facilities provided by the share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) via its TIH Online website at <https://tiah.online> allowed shareholders to pose questions to the Board and Chairman of the General Meeting via typed text in the query box. The shareholders submitted their questions at any time from the day of notice of the General Meeting and up to the time when the meeting was in progress. The Chairman who chaired the proceedings, provided fair opportunity and time to all shareholders to exercise their rights to raise questions and vote.

Corporate Governance Overview Statement

(cont'd)

All Directors had participated in the last General Meeting and the Chairman provided shareholders with a brief review of the Company's financial year's performance and operations. At the "Questions and Answers" session in the meeting agenda, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real-time interaction with the Board during the General Meeting. Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via the RPV facilities. All resolutions as set out in the Notice of General Meeting were put to a vote by poll using the RPV facilities. A poll administrator was appointed to administer, coordinate and count the votes and a scrutineer was appointed to validate the vote cast during the General Meeting. The voting decisions were then announced to the shareholders by the Chairman at the General Meeting that all resolutions as set out in the Notice of General Meeting were duly passed by the shareholders.

The proceedings of the General Meeting are recorded in the minutes of the meeting and made available on the Company's website at <https://www.cnasia.com> no later than 30 business days after the General Meeting.

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

This statement was presented and approved by the Board on 8 April 2022.

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 2021 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 8 April 2022.

Sustainability Statement

INTRODUCTION

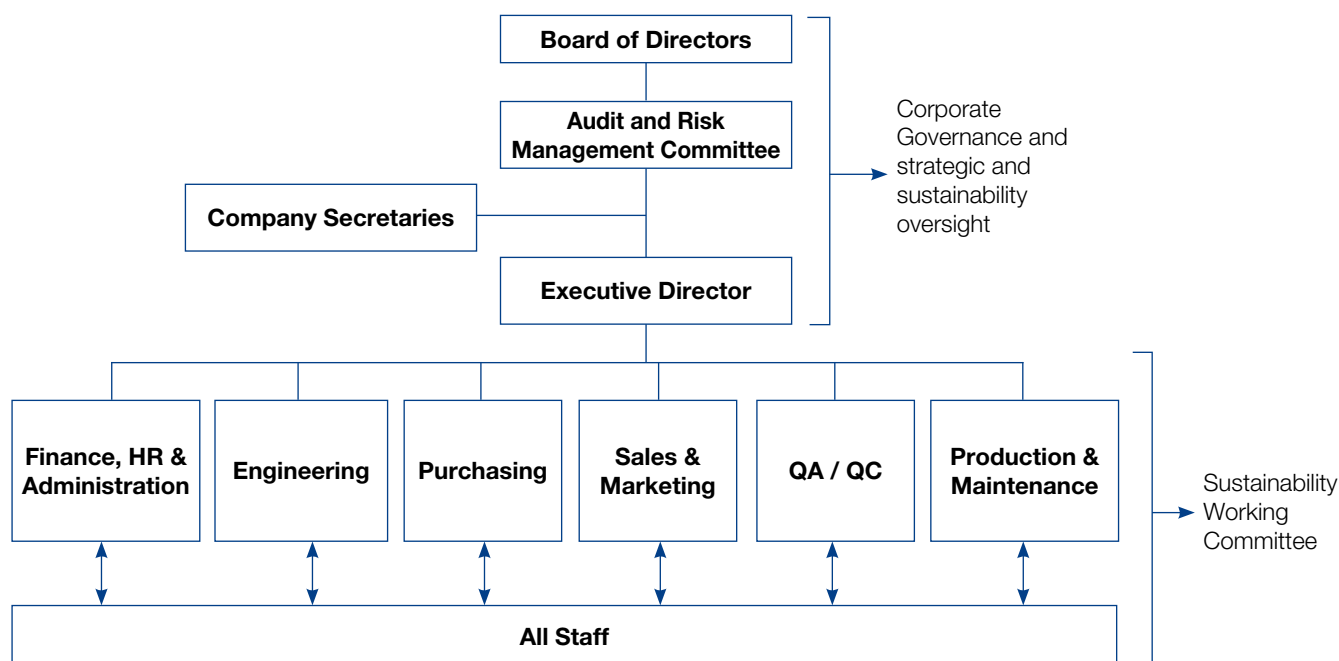
This Sustainability Statement of CN Asia Corporation Bhd (“CN Asia” or “Company”) covers the sustainability performance of the Company and its subsidiaries (“Group”) for the financial period from 1 January 2021 to 31 December 2021 (“FYE 2021”), and where available, relevant data collated over three (3) financial years from FYE 2019 to FYE 2021 are 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 recognises that maintaining good corporate governance and transparency in the Group’s operations are essential to create values for our stakeholders and bring along sustainability impact to achieve growth while implementing environmental and good sustainable values in which the Group operates. The Group observed a series of intermittent COVID-19 lockdown like the year before and the Group’s performance of the FYE 2021 was affected due to disruption of supply chain and various spinning effect from these lockdowns. Despite of that, the Group maintained constant engagement with its key stakeholders and continued its effort to focus on its sustainability practices which encompass the economic, environmental and social (“EES”) matters that impact the Group’s activities.

The Group believes that the implementation of its sustainability strategy requires a robust framework that encourage clear accountability, internal control, risk management, commitment, aligned goal setting in relation to the EES matters of the Group. CN Asia has been maintaining the sustainability effort by adopting the sustainability management structure comprising the Board of Directors, board committee and the Sustainability Working Committee (“SWC”).

Sustainability Management Structure



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 the overall sustainability programme, reviewing and approving the sustainability report of the Group. The Board has entrusted its board committee, i.e. the Audit and Risk Management Committee (“ARMC”), who are primarily responsible for providing internal control and 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 ARMC is assisted by the SWC, comprising key management personnel and heads of department across the Group’s organisation structure. The sustainability matters are managed by all heads of department with the support from all supporting staff from the respective departments within the Group.

Sustainability Statement

(cont'd)

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 remain effective, relevant and appropriate in line with the relevant laws and regulations.

STAKEHOLDER ENGAGEMENT

CN Asia recognises the value of stakeholders' engagement which form an essential part of the overall sustainability strategy of the Group. By having regular interaction with its stakeholders, it gives a better insight 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 in achieving stakeholders' expectations while upholding decent relationship with them. Regular stakeholder engagement denotes value 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 2021, the Group continued its effort in engaging with its stakeholders through various means of communication to identify and prioritise concerns, needs and expectations of the stakeholders in relation to the Group's sustainability performance. 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. The following table entails the various stakeholder engagement that took place during the FYE 2021:-

Stakeholder	Areas of concern	Engagement method	Frequency
Employees	<ul style="list-style-type: none"> Health, safety and environment ("HSE") Training and development Employee benefits 	<ul style="list-style-type: none"> Meetings and discussions Annual performance appraisal Employees social activities Trainings, talks and seminars 	<ul style="list-style-type: none"> On-going Annually Ad-hoc Periodically
Customers	<ul style="list-style-type: none"> Product quality and customers' satisfaction Competitive pricing Delivery performance 	<ul style="list-style-type: none"> Corporate website Meetings Regular on-site visits Customer survey form Customer's complaint form 	<ul style="list-style-type: none"> On-going Annually Ad-hoc Periodically
Vendors and Suppliers, including sub-contractors	<ul style="list-style-type: none"> Product quality Competitive pricing Delivery performance Customer service and complaints resolution 	<ul style="list-style-type: none"> Meetings Regular on-site visits Supplier evaluation procedure 	<ul style="list-style-type: none"> On-going Annually Ad-hoc Periodically
Shareholders and investors	<ul style="list-style-type: none"> Financial performance Regulatory compliance Corporate governance Ethical business conduct Internal control and risk management 	<ul style="list-style-type: none"> Corporate website Annual reports General meetings Public announcements Quarterly financial reports 	<ul style="list-style-type: none"> On-going Annually Ad-hoc Quarterly Periodically
Government and regulators / authorities	<ul style="list-style-type: none"> Regulatory compliance Approvals and permits Standards and certifications 	<ul style="list-style-type: none"> Corporate website Meetings and consultations Participate in trainings and dialogue organised by government and authorities Audit, verification, inspection and inquiries by authorities 	<ul style="list-style-type: none"> On-going Annually Ad-hoc Periodically
Local communities	<ul style="list-style-type: none"> Sustainability and corporate social responsibility ("CSR") programmes Environmental protection Job opportunity 	<ul style="list-style-type: none"> Donation and sponsorship Participate in CSR programmes Regular on-site visits Industrial training Employment opportunity 	<ul style="list-style-type: none"> On-going Annually Ad-hoc Periodically

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 identified a list of matters considered material to the Group's business from the perspective of its stakeholders. During FYE 2021, the expectations and feedback of the stakeholders had been reviewed and considered with valuable views obtained from the stakeholders in assessing the material matters. In FYE 2021, the Group has placed more emphasis on matters related to the HSE with the intention to provide a safe and healthy environment to its stakeholders. The material matters are categorised into the aspects of economic, environment and social. These material matters were then deliberated at length by the management and approved by the Board 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. The FYE 2021 has continued to be impacted as in the previous year and the Group's operations has continued to be impacted by the COVID-19 pandemic. Despite the sign of improvement shown in the global economic outlook, the impact of the prolonged COVID-19 pandemic has continued to affect the operations and performance of the Group during the year. The Group managed the job progress cautiously to ensure minimal disruption to the supply chain to adapt the ever-changing work environment and stabilise the Group's operation flow. CN Asia has been actively exploring in diversifying and widening its business scope for additional income streams and to minimise the Group's dependency on its existing businesses. In June 2021, the Group, through its newly acquired subsidiary, initiate the money lending business as a new source of revenue.

In RM'000	2019	2020	2021
Economic Value Generated			
Revenue	16,509	15,552	11,905
Economic Value Distributed			
Operating costs	9,123	14,457	7,133
Employee wages and benefits	4,088	4,614	12,308
Payments to government	468	439	370
Payments to providers of capital	143	187	458
	13,822	19,697	20,269
Economic Value Retained	2,687	(4,145)	(8,364)

During FYE 2021, the Group generated RM11.9 million in revenue, comprising revenue from its operations, manufacturing and financial services segments, and interests earned from fixed deposits, representing a 23.5% decrease from the prior year's revenue of RM15.6 million. The overall decrease in revenue from operations was largely attributable to the drop in exports of road tankers coupled with disruption from the on-going stringent COVID-19 standard operating procedures whereas the decrease in interest earned mainly attributable to withdrawal of fixed deposits which was utilised to fund the construction of new factory, in addition to low interest rate earned on fixed deposits. Despite a lower revenue generated, the Group's total direct economic value distributed increased by RM0.6 million to RM20.3 million (FYE 2020: RM19.7 million). The operating costs account for a decrease of 50.7% which was in line with the lower revenue generated from operations in FYE 2021. The employee wages and benefits surged by 166.8% mainly caused by the impact from the treatment of share options granted to eligible employees in FYE 2021 under the Company's Share Issuance Scheme amounting to RM8.4 million. The payments to providers of capital increased by 144.9% mainly due to interest incurred on loan drawdown in FYE 2021 to part finance the acquisition of land. Premised on the above, the Group remained at a negative economic value retained of RM8.4 million (FYE 2020: -RM4.1 million).

Procurement Practice

The Management believes that regular engagement with its suppliers have, in some cases, fostered long term and healthy 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.

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.

CN Asia remains committed in sourcing cautiously to uphold the required standards focusing in sustainability. Through the annual evaluations on all active suppliers and contractors based on a set of criterions as prescribed in the Supplier Selection, Evaluation and Re-evaluation Procedure of the Group, the new and existing suppliers and contractors that are found satisfactory be added and retained in the Approved Supplier List ("List"). If a supplier's performance was found to be unsatisfactory, it will be recommended for removal from the List. Suppliers whom the Group has 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.

Approved Suppliers (Number)	2019	2020	2021
Active supplier	96	83	98
Active sub-contractor	40	43	57

As at 31 December 2021, there are 98 suppliers and 57 sub-contractors on the List as compared to 83 suppliers and 43 sub-contractors as at 31 December 2020. The purpose of the supplier evaluation process is to ensure that suppliers on the List fully comply with the Group's procurement procedures, 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 quality and specifications. Emphasis is also placed on the suppliers' responsiveness to inquiries and ability to deliver materials and services in a timely manner.

To support the domestic economy and local communities, the Group always promote purchase from local suppliers who have been providing quality products and services. For the FYE 2021, the Group's total procurement comprised 71% domestic purchases and 29% imports as compared to 60% domestic purchases and 40% imports in the previous year.

Customers' Satisfaction

The Group's manufacturing segment 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 expectations. 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 Quality Management System ("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 form part of the customer satisfaction assessment. These reports were then presented at the scheduled Management Review Meetings convened at least once a year to formulate ideas or strategies to improve customers' satisfaction. There was one (1) management review meeting held in 2021 to review the overall performance of the Group's QMS. The key statistics pertaining to the customer satisfaction surveys are tabulated below: -

Customer Satisfaction Survey	2019	2020	2021
Customers selected for survey (Number)	48	35	35
Percentage responded on survey form (%)	14.6	17.1	28.6
Satisfaction level (%)	77.5	75.6	78.3

During FYE 2021, a total 35 (2020: 35) customers were selected for survey, out of which 28.6% (2020: 17.1%) of the selected customers responded to the survey. Based on the analysis, the Group attained an overall customers' satisfaction score of 78.3% (2020: 75.6%) in FYE 2021. 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 17.1% to 28.6%) 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.

Sustainability Statement

(cont'd)

Anti-Bribery and Corruption and Whistleblowing Policies

CN Asia is committed to ensure compliance with relevant laws, rules, regulation, and company policies applicable to its business activities. It is the responsibilities of the Company to ensure its directors and employees understand, observe and comply with the laws, rules, regulations and company policies that are applicable to their specific roles and responsibilities in conducting the business activities with integrity. The Group views any bribery and corruption as significant risks which may tarnish its business and reputation. Hence, the Group has adopted a zero-tolerance approach against all forms of bribery and corruption to ensure the conduct of our business dealings with integrity and ethics as well as compliance with the applicable laws and regulatory requirements on anti-corruption. The Group is of the view that adequate procedures can help to defend corporate interests, its directors and employees.

The Company through its Human Resource ("HR") Department is responsible to ensure that the principles as set out in the Anti-Bribery and Corruption Policy are communicated, understood, and observed by all employees and directors.

In addition, CN Asia has adopted a Whistleblowing Policy as a channel to facilitate and encourage disclosure of genuine and legitimate concerns about any possible violations and improprieties in matters related to financial reporting, compliances, and other malpractices to be raised by Board, all employees, and officers of the Group. The policy provides an opportunity for those concerned to be investigated and for appropriate action to be taken to ensure that the matter is resolved effectively within the Group wherever possible.

The Anti-Bribery and Corruption and Whistleblowing Policies are reviewed and revised as required on an annual basis to ensure its effectiveness in addressing potential fraud and corruption risks. The Policies are made available on the corporate website at <https://www.cnasia.com>.

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 its operations. The Group endeavours to uphold full compliance with the relevant environmental protection laws and regulations in relation to climate change, energy use and waste management. 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 the main requirements in its 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. In July 2021, there was a compound issued by the Department of Occupational Safety and Health ("DOSH") to the Group as a result of non-compliance of SOP set by the National Security Council to control the COVID-19 pandemic and the Group paid a fine of RM5,000.

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 energy consumption of its operations. 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

The key statistics pertaining the respectively energy consumption is tabulated below:

Performance Measure	2019	2020	2021
Electricity consumption (kWh)	539,228	550,221	598,501
Variance (%)	-14.4	2.0	8.8
Water consumption (m3)	2,794	2,997	2,788
Variance (%)	1.0	7.3	-7.0
Paper consumption (kg)	651	547	388
Variance (%)	-2.7	-16.0	-29.0

Sustainability Statement

(cont'd)

During the FYE 2021, the electricity usage was 598,501 kWh, representing an increase of 8.8% as compared to FYE 2020. This was mainly due to an increase in activities during the current year as compared to the preceding year.

The water consumption was 2,788 m³, representing a decrease of 7.0% as compared to FYE 2020. The Group has constantly worked towards minimising water consumption in its operations and workplace by taking the following measures:-

- 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 FYE 2021, the Group's paper consumption dropped significantly over a three-year period, by 40.4% from 651 kg in FYE 2019 to 388 kg in FYE 2021. The decrease is largely due to the constant effort of the Group in promoting an environmentally friendly workplace by cultivating a paperless culture within the organisation throughout the year. The following are some of our measures to prevent unnecessary paper consumption that we continue 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 discussions via WhatsApp mobile apps, Microsoft team and etc
- Setting projector during meeting for report 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

Waste Management

The Group continued with its effort to monitor wastage from its manufacturing activities which consist of scrap steel material and fiberglass reinforced polymer ("FRP") waste. The scrap materials, made of steel, will be consumed in its production process as much as possible and any unusable scrap will be sold. The scrap material disposed during FYE 2021 increased to 58.1 tonnes, representing a 49.4% increase compared to 38.9 tonnes disposed in FYE 2020.

Performance Measure	2019	2020	2021
Scrap material disposed (tonne)	32.5	38.9	58.1
Variance (%)	-14.7	19.7	49.4
No of trip of scheduled waste (number)	12	9	14
FRP waste generated (tonne)	0.6	0.8	1.0
Average FRP wastage (%)	3.9	8.0	5.0
Variance (%)	-14.3	105.1	-37.5

The Group continued to monitor the generation of FRP waste from its manufacturing activities which could have an adverse impact on the environment if not disposed of responsibly and lawfully. During the FYE 2021, the Group established its Environmental Monitoring Committee ("EMC") comprising of a Competent Person, a representative from each of the department within the Group and headed by the HSE Chairman. The Competent Person, as prescribed in the Environmental Quality Act 1974, is a Certified Environmental Professional In Scheduled Waste Management ("CePSWaM") certified by the Director General of the Department of Environment ("DOE") of Malaysia. The EMC meets once a month and is primarily responsible for monitoring and managing the schedule waste within the Group. The Competent Person will ensure that scheduled wastes in the premises are managed and handled properly in accordance with the legal requirements. There are eight (8) EMC meetings held during the year since its establishment in May 2021.

The Group's ISO 9001:2015 Quality Management System ("QMS") entail a quality objective to restrict the generation of FRP wastage to not more than 8% of total FRP material used. The production department is responsible to monitor and report the FRP wastage on a month-to-month basis in the monthly departmental meeting. The Group was able to achieve this objective with the average FRP wastage of 5.0% recorded during the reporting year (FYE 2020: 8.0%). The FRP waste generated in FYE 2021 increased to 1.0 tonne as compared to 0.8 tonne in FYE 2020. There were 14 (2020: 9) trips of FRP waste disposed and reported during the year.

Sustainability Statement

(cont'd)

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 arrive at 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.

The Group's employee handbook sets out relevant information on the Group's standard employment policies, and rules and administrative procedures relating to human resource. The HR Department ensures that employees are familiarised with applicable policies and procedures upon joining the Group.

The Group has also established a whistleblowing channel, administered by the HR Department to provide employees with a safe and anonymous avenue to raise sensitive or controversial concerns of any possible violations and improprieties within the Group.

In embarking on significant change during the FYE 2021 that could impact the employees or their work, the newly appointed executive directors together with the HR Department took time to ensure that sufficient notification is given for employees to seek further understanding of the changes and navigate them to adjust to the changes. 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. HR Department play an important role in maintaining a harmonious work environment, stimulating employee interaction and cultivate teamwork; aside from work, through regular employee gathering events organised during the year, which include a corporate photograph session and Christmas celebration.

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 26.0% which was much lower than the previous year's turnover rate of 48.8% with 16 (2020: 19) new recruitments and 9 (2020: 23) resignations. As a result, the Group has attained employee turnover of less than 30% with a 46.7% lower employee turnover rate compared to FYE 2020. 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 2021, we note that 77.8% (2020: 40.90%) of resignations were due to better remuneration package offered and the remaining 22.2% (2020: 13.6%) of resignations were attributable to the expiration of contracts, retirement and termination of contract.

Sustainability Statement

(cont'd)

We also note that 77.8% (2020: 68.2%) 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. 66.7%, 6 resignations (2020: 47.8%, 11); and followed by age group between 31-40 years old at 11.1%, 1 resignation (2020: 30.4%, 7). The key demographics pertaining to the Group's employees are tabulated below:-

Analysis of workforce (Number)	2019	2020	2021
Total employees	45	41	48
By gender			
- Male	33	32	37
- Female	12	9	11
By management level			
- Senior management	8	7	11
- Executive	13	14	17
- Non-executive	24	20	20
By age group			
- <30	15	16	19
- 31-40	9	6	8
- 41-50	8	10	9
- 51-60	6	2	3
- >60	7	7	9
New hires	17	19	16
By gender			
- Male	13	13	11
- Female	4	6	7
By age group			
- <30	10	13	10
- 31-40	5	3	2
- 41-50	-	3	1
- 51-60	1	-	1
- >60	1	-	2
Resigned	15	23	9
By gender			
- Male	11	14	4
- Female	4	9	5
By age group			
- <30	7	11	6
- 31-40	4	7	1
- 41-50	2	1	1
- 51-60	-	2	-
- >60	2	2	1
Employee turnover rate (%)	35.6	48.8	26.0
Variance (%)	30.4	37.0	-46.7

In FYE 2021, the age group distribution data for the Group's workforce shows that 39.6% (2020: 39.0%) were aged below 30 years old, which comprises individuals that are being trained and guided to develop their professional potential. The next largest group are those aged between 30 to 50 years old which form 35.4% (2020: 39.0%) of the Group's employee population. This age group comprises individuals in the prime working age who typically possess a level of employment and industry experience invaluable to the business.

Considering the nature of Group's core business in manufacturing and engineering, that has traditionally been a male-dominated industry with fewer than one third of the employee population comprising of women especially for those who work in the factory shop floor. Though there has been improvement in FYE 2021, women participation is still under represented at the level below 30%, of between 22.0% to 26.7% of the Group's workforce, over the past three years. However, there has been improvement in the women participation among the new hires for the past three years. The Group will continue to monitor the diversity spread among its employees and remain committed to promote female participation in its Group's employee population.

Sustainability Statement

(cont'd)

Training and Development

The Group continued to enhance employees' performance and observe continual improvement to equip its employees with the required skills and competency to support the employees' development and growth. It is vital that the employees are kept abreast with the latest market climate and to strengthen themselves with new skills and knowledge in this ever-changing environment and volatile economic and political conditions. 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.

The HR and Administration Manager is responsible for the implementation and monitoring of the training programme of employees across the Group. All new employees will go through an on-job-training program tailored to their respective roles. The training needs of the existing employees are identified and recommended 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 the annual training plan. Thereafter, the training courses are arranged based on the training plan and modifications are made as and when deemed necessary. The employees training over the past three years are summarised below:-

Employees Training	2019	2020	2021
Total training planned (number)	15	13	12
Total training conducted (Number)	18	7	13
Total training hour (Hour)	1,208	288	904
Average training hour/employee (Hour)	26.8	7.0	18.8

During FYE 2021, there were 13 (2020: 7) training courses conducted whilst 12 (2020: 13) training courses were planned, representing 108.3% materialisation rate as compared to 53.8% in FYE 2020. The Group employees enrolled in 904 total training hours in FYE 2021, with training hour per employee averaging 18.8 hours, compared with average of 7.0 training hours per employee in FYE 2020. Over a year with continued intermittent movement restrictions, the Group has adapted the norm of attending online trainings, where 7 out of 13 trainings conducted during the year were online trainings. During the year, two (2) of the employees underwent Occupational Safety and Health ("OSH") Coordinator course and one (1) employee attended Competent Person course as part of the compliance to fulfil the requirement of the Department of Occupational Safety and Health ("DOSH") and DOE respectively.

Health, Safety and Environment ("HSE")

The Group acknowledges 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 Group has in place its HSE management system with the objective to ensure a unified and managed approach in relation to HSE matter within the organisation by implementing a loss preventive programme with a target of zero accidents and incidents within the organisation. Accident and incident frequency rate and trends will be monitored and reported in the Group's monthly management meeting. Any accident, if occurred, will be recorded, investigated and analysed with appropriate action plans to be recommended to prevent future occurrence of such accident. The Group's HSE management system is overseen by the HSE Committee, chaired by the head of engineering who oversees the operational aspects of the HSE practices across the Group with the assistant of an OSH Coordinator cum HSE secretary supported by the HSE committee members comprising of management representatives (managers) and employee representatives (executives and non-executives) from various departments.

Considering our business operations involve heavy machineries and structural steel in the oil and gas and petrochemical 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 and return home safely. Just as integrity is embedded in our work culture, occupational safety is regarded as part of CN Asia's culture. Employees that are not following the procedure will be penalised and disciplinary action shall be taken against those who violate the rules. Since the FYE 2020 and continue into FYE 2021, the Group is committed to instil the new practices, cultivate positive health culture and create awareness to all employees to ensure safety and health of the employees are well-maintained particularly in preventing infections with COVID-19. In addition to the compliance with the COVID-19 standard operating procedures ("SOP") in accordance to the authorities' requirement, the Group has implemented new SOPs within the organisation with the objective to prevent COVID-19 infection. All incoming visitors and employees are required to comply with the SOPs prior entering the Company premises. The HR Department has been tasked to ensure the SOPs are adhered to strictly.

Sustainability Statement

(cont'd)

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 possibility 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 is exposed to loud and constant sound are required to perform hearing test on a regular basis to ensure their hearing is not impaired.

The HSE Committee set up a duty roster to carry out factory inspection on a monthly basis by rotation of the committee members based on an inspection checklist, developed in accordance with the Occupational, Safety and Health Act ("OSHA") 1994, to ensure the housekeeping which encompass the noise control, workplace assessment, factory and machinery, equipment and material storage, emergency response plan, personnel protective equipment and hazardous chemical within the factory compound are monitored, improved, where necessary and reported in the Group's monthly management meeting. The Group's QMS has set an objective to achieve 90% satisfaction of its housekeeping scoring. Based on the monthly assessment on housekeeping performed by the HSE committee, the Group achieved an overall score of between 61 to 80% during the FYE 2021.

During the FYE 2021, the HSE Committee held twelve (12) meetings to deliberate the HSE issues and decided on various remedies and to improve HSE concerns tabled at the meeting. Apart from the existing HSE practices implemented, the additional HSE practices introduced and milestones achieved during the year are summarise below:-

- Engage a professional HSE advisor to advice and enhance on the HSE effort;
- To involve a representative from every department, representative from finance, admin and sales departments were invited to participate as committee members;
- Appoint OSH Coordinator and Competent Person as required by the regulation;
- Initiate annual safety shoes allowance for all staff in production;
- Provide COVID-19 test to all staff on a bi-weekly basis;
- Improve and replace safety signage and repaint walkway in factory;
- Provide toecap for visitors and office staff who are not wearing safety shoes before entering the factory;
- Replace expired fire extinguisher;
- Conduct noise and chemical health risk assessments to ensure risk exposure to noise and chemical hazardous to health of the employees of the Group are within the tolerable level; and
- Upgrade FRP spraying area to ensure proper ventilation and prevent air pollution caused by the FRP spraying process.

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. No accident was reported in FYE 2021 compared to loss of one (1) working day in FYE 2020. Any accident, if occurred, will be thoroughly 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 nor any theft case reported within the business premises during 2021. The HSE statistics of the Group for the past three years are tabulated as below:-

HSE Statistics	2019	2020	2021
Health			
Medical leave (days)			
- Office	115.5	65.5	90.5
- Factory	22	35.5	51.5
Hospitalisation (days)	-	4	-
Safety			
Lost Time Incident			
- Fatality	-	-	-
- Permanent total disability	-	-	-
- Permanent partial disability	-	-	-
- Lost work day care	-	1	-
No of Lost Time Incident			
- First aid	-	-	-
- Medical treatment case	-	-	-
- Restrict work case	-	-	-
Fire / Explosion	-	-	-
Property loss/damage	-	2	1
Security			
No. of attempted theft	1	-	-
No. of theft	4	-	-
Environment			
Schedule waste disposal (No. of trip)	12	9	14

Local Communities

CN Asia is committed to support the communities it operates in. 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 their completion of studies. During FYE 2020, we offered internship programmes to three (3) interns as compared ten (10) interns in the previous financial year. These interns were given the opportunity to gain valuable experience and knowledge during their engagement with the Group. There was no intern being offered permanent position in 2021.

Performance Measure	2019	2020	2021
Number of interns recruited	9	10	3
By gender			
- Male	5	5	2
- Female	4	5	1
Intern offered as full-time employee (Number)	1	-	-

In 2021, the continued disruption from the COVID-19 pandemic has 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 Home for Special People in Cheras which house a group of forty-two (42) special need people by donating necessities which consist of food supply in December 2021.

Moving forward, the Group will continue to enhance its effort towards sustainability growth 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 8 April 2022.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

(a) Proposed Private Placement 2019

The status of the utilisation of proceeds from the Proposed Private Placement, completed in 2019, of **RM1,815,280** as at 31 March 2022 is as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation* RM'000	Balance Unutilised RM'000
Overhaul of machinery	1,665	(226)	66	1,505
Estimated expenses	150	(84)	(66)	-
	1,815	(310)	-	1,505

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

(b) Proposed Private Placement 2021

The status of the utilisation of proceeds from the Proposed Private Placement, completed in May 2021, of **RM7,131,421** as at 31 March 2022 is as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Purchase of raw material	6,000	(3,703)	2,297
Working capital	631	(631)	-
Estimated expenses	500	(500)	-
	7,131	(4,834)	2,297

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 2021 are as follows:

Paid By	Audit Fees RM	Non-Audit Fees RM	Total (RM)
Company	36,000	2,000	38,000
Group	84,000	2,000	86,000

3. MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS OR MAJOR SHAREHOLDERS

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.

Additional Compliance Information

(cont'd)

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 2021. The statement of recurrent related party transactions is disclosed in the Note 29 to the Financial Statements.

5. SHARE ISSUANCE SCHEME ("SIS")

The Company has established and implemented a SIS of not more than 15% of the issued shares of the Company with effect from 15 June 2021 and shall be in force for a duration of five (5) years expiring on 14 June 2026. The SIS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 11 May 2021. The total number of options granted, exercised and outstanding under the SIS as at the financial year ended 31 December 2021 are set out in the table below:-

Description	All Eligible Employees	
	Directors and Chief Directors	Eligible Employees
Total options granted	18,000,000	5,600,000
Total options exercised	-	-
Total options outstanding	18,000,000	5,600,000

Percentages of options granted to directors and senior management under the SIS: -

Directors and Senior Management	Since commencement up to 31 December 2021
Aggregate maximum allocation	80%
Actual granted	80%

No SIS option was granted to the Non-Executive Directors during the financial year ended 31 December 2021. No options were exercised by the Non-Executive Directors during the financial year.

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 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 in 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, evaluations and updates of the risk profile and the corresponding action plans have been reported to the Board. The Board, through the Audit and Risk Management Committee (“ARMC”), oversees the risk management and internal control system of the Group. The Board is also supported by the Executive Directors and senior management personnel of the Group in the implementation of the Board’s policies and procedures on risk management and internal control 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 Risk Management Procedure has been established based on the guidelines in the Group’s ISO 9001:2015 Quality Management System (“QMS”). The Management Representative of the 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 implementing the Risk Treatment Plan as proposed, continuously assessing the risks, compiling and recording the process and activities in the Risk Assessment Reports on a systematic and regular basis.

During the financial year ended 31 December 2021 (“FYE 2021”), the Risk Assessment Reports were reviewed and tabled at the Management Review Meeting held in April 2021. 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 forms part of the Group’s QMS procedures. These reports were then reviewed by a third-party surveillance team in May 2021 to further enhance the risk assessment and management process within the Group. In addition, the Group emphasises greatly on Health, Safety & Environment (“HSE”) practices to ensure that our employees, shareholders, stakeholders, assets and the surrounding environment in which we operate are safe.

There were five (5) ARMC meetings held during the FYE 2021 and the details of the attendance of ARMC members are disclosed in the Audit and Risk Management Committee Report.

During the ARMC 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 the impact of 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.

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

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 with 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 ARMC in discharging its duties in maintaining and monitoring the internal control systems within the Group.
- Regular Board and ARMC meetings are carried out to review and assess the overall performance and internal controls of the Group.
- Adequate credit risk assessments are carried out by the money lending team in its wholly-owned subsidiary on potential borrowers prior to loan disbursement.
- Adequate reports are generated on a consistent basis for a review on the operational and financial performance of the Group.
- Scheduled and ad-hoc operation and management meetings were held and attended by the Executive Directors and heads of the department 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.

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. 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 Executive Directors and the senior management.

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 ARMC. The outsourced internal audit function provides the ARMC with periodic internal audit reports identifying risks and internal control gaps of the 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.

During the FYE 2021, the outsourced Internal Auditors had conducted the review on the business development function which include the sales ordering processing, discounts and rebates policy, accomplishment of customers' order and costing computation, quotation system management, timeliness of delivery and the invoicing procedures to ensure that the existence and compliances of the structured and periodic reporting and monitoring of the business development management system as well as the manner applied in achieving the sales targets and fulfilment of customer satisfaction as a goal. During the process of the internal audit review, the outsourced Internal Auditors identified and reviewed the risk areas of the business development function of the Group through interviews, discussions and review on the audit area 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 outsourced Internal Auditors outlined some areas of concern and recommended some improvements to the management. The findings were reported to the ARMC and the same were deliberated and approved by the Board. Nevertheless, the identified areas of concern in the internal controls have not resulted in any material or significant losses and/or require further disclosure in this Statement. The costs incurred for the internal audit functions for FYE 2021 amounted to RM16,960.

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

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

The Board remains committed to 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 Executive Directors 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.

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 2021, 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.

This statement was presented and approved by the Board on 8 April 2022.



FINANCIAL STATEMENTS

Directors' Report	66
Statement by Directors	71
Statutory Declaration	71
Independent Auditors' Report	72
Statements of Financial Position	75
Statements of Profit or Loss and Other Comprehensive Income	76
Statements of Changes in Equity	77
Statements of Cash Flows	79
Notes to the Financial Statements	81

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 2021.

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.

FINANCIAL RESULTS

	Group RM	Company RM
Loss after tax attributable to: Owners of the Company	(11,669,626)	(10,193,861)

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 Company increased its total number of issued and paid-up share capital from 54,912,770 to 178,719,910 ordinary shares by way of:-

- (a) Issuance of 5,491,200 new ordinary shares for cash pursuant to private placement exercise on 5 May 2021 at an issue price of RM1.2987 per share; and
- (b) Issuance of 90,605,940 new ordinary shares on 2 June 2021 on the basis of 3 bonus share for every 2 existing shares held; and
- (c) Issuance of 6,500,000 new ordinary shares for cash pursuant to private placement exercise on 12 August 2021 at an issue price of RM0.4150 per share; and
- (d) Issuance of 4,321,000 new ordinary shares for cash pursuant to private placement exercise on 26 August 2021 at an issue price of RM0.4050 per share; and
- (e) Issuance of 3,500,000 new ordinary shares for cash pursuant to private placement exercise on 27 August 2021 at an issue price of RM0.4060 per share; and
- (f) Issuance of 679,000 new ordinary shares for cash pursuant to private placement exercise on 22 October 2021 at an issue price of RM0.4496 per share; and
- (g) Issuance of 4,962,000 new ordinary shares for cash pursuant to private placement exercise on 16 December 2021 at an issue price of RM0.4030 per share; and
- (h) Issuance of 7,748,000 new ordinary shares for cash pursuant to private placement exercise on 31 December 2021 at an issue price of RM0.4340 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.

WARRANTS 2021/2024

The Warrants 2021/2024 ("the Warrants") were constituted under the Deed Poll dated 12 May 2021. The Warrants were issued on 9 June 2021 in conjunction with the Proposed Bonus Issue of Warrants of the Company on the basis of 1 free Warrant for every 2 existing ordinary shares of the Company and expiring on 7 June 2024. Each Warrant entitled the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.42 per Warrant.

The movements in the Warrants during the financial year were as follows: -

	----- Number of Warrants -----			
	As at 01.01.2021	Issued	Exercised	As at 31.12.2021
Warrants 2021/2024	-	30,201,970	-	30,201,970

The Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

SHARE OPTIONS

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme ("SIS") of the Company.

At an Extraordinary General Meeting held on 11 May 2021, the Company's shareholders approved the establishment of SIS of not more than 15% of the issued and paid-up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 30 to the financial statements.

As at 31 December 2021, the options offered to take up unissued ordinary shares and the exercise price are as follows:

Date of offer	Exercise price (RM)	-----Number of options of ordinary shares -----			
		At 1.1.2021	Granted	Exercise	At 31.12.2021
13 August 2021	0.406	-	18,000,000	-	18,000,000
16 August 2021	0.405	-	5,600,000	-	5,600,000
			<u>23,600,000</u>		<u>23,600,000</u>

Details of share options granted to directors are disclosed in the section on Directors' interests in this report.

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:

Datuk Seri Tan Choon Hwa
 Chang Chee Ching*
 Dato' Sri Zulkifli Bin Abdullah
 Low Yong Heng
 Nadanarajah A/L Ramalingam
 Tania Scivetti
 YM Tengku Shamsulbhari Bin Tengku Azman Shah*

**Director of the Company and its subsidiaries*

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

Directors' Report

(cont'd)

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 24 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, apart from the share options granted to directors under the Company's Share Issuance Scheme.

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 and options over shares in the Company or its related companies during the financial year are as follows:

(a) Ordinary shares in the Company

	----- Number of Ordinary Shares -----			
	As at 01.01.2021/ Date of appointment	Bought	Sold	As at 31.12.2021
<u>Direct interests</u>				
Datuk Seri Tan Choon Hwa	600,000	11,403,100	5,770,000	6,233,100
Tania Scivetti	-	707,750	707,750	-
<u>Indirect interests</u>				
Datuk Seri Tan Choon Hwa *	-	186,000	186,000	-

*Deemed interest by virtue of his shareholding in TCH Vision Trading Corporation Sdn Bhd.

(b) Options over ordinary shares in the Company

	----- Number of Options over Ordinary Shares -----			
	As at 01.01.2021	Granted/ (Exercised)	Lapsed	As at 31.12.2021
YM Tengku Shamsulbhari Bin Tengku Azman Shah	-	9,000,000	-	9,000,000
Chang Chee Ching	-	9,000,000	-	9,000,000

The other directors holding office at the end of the financial year have no interest in shares or options 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 there were no known bad debts 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 require any amount to be written off as bad debts or render 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.

SUBSEQUENT EVENT

Details of subsequent event after the financial year end are disclosed in Note 33 to the financial statements.

Directors' Report

(cont'd)

AUDITORS

Details of the auditors' remuneration for the financial year are disclosed in Note 21 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: 14 April 2022

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 75 to 123 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 2021 and of their results and cash flows for the financial year ended on that date.

Signed in Kuala Lumpur on 14 April 2022

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 75 to 123 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 14 April 2022

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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 75 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and 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

As at 31 December 2021, the carrying amount of trade receivables of the Group was RM17,237,382. MFRS 9 'Financial instruments' requires the Group's impairment losses for trade receivables to be based on expected credit loss ("ECL") model which takes into account reasonable and supportable forward looking information rather than an incurred loss model. The assessment of ECL on trade receivables is an area of audit focus as the assessment involved significant judgement and estimates and the uncertainty inherent in the estimation process. The Group considers among others, its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

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;
- holding discussions with management personnel to challenge management's view on justification on the adequacy of allowance for doubtful debts; and
- assessing the adequacy of the disclosures in respect of credit risk.

Inventories

Inventories are disclosed in Note 8 to the financial statements with carrying amount of RM3,646,595 as at 31 December 2021. 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 evaluating 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, actions taken to eliminate threats or safeguards applied.

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

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: 14 April 2022

Statement of Financial Position

as at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	24,632,342	9,083,455	-	-
Investment in subsidiary companies	5	-	-	15,076,349	14,416,461
Right-of-use asset	6	1,059,897	792,277	-	-
Intangible asset	7	128,074	-	-	-
		25,820,313	9,875,732	15,076,349	14,416,461
CURRENT ASSETS					
Inventories	8	3,646,595	5,327,844	-	-
Trade receivables	9	17,237,382	1,559,904	-	-
Contract assets	10	195,000	1,152,050	-	-
Other receivables, deposits and prepayments	11	529,703	1,662,598	143,400	87,720
Amount owing by subsidiary companies	12	-	-	41,145,710	25,111,221
Current tax asset		145,658	-	-	5,658
Cash and cash equivalents	13	16,523,614	28,415,793	3,779,378	4,297,894
		38,277,952	38,118,189	45,068,488	29,502,493
TOTAL ASSETS		64,098,265	47,993,921	60,144,837	43,918,954
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	60,765,343	42,097,820	60,765,343	42,097,820
Share options reserve		8,440,000	-	8,440,000	-
(Accumulated losses) / retained earnings		(14,723,877)	(2,352,294)	(9,128,334)	1,767,484
Total equity attributable to owners of the Company		54,481,466	39,745,526	60,077,009	43,865,304
TOTAL EQUITY		54,481,466	39,745,526	60,077,009	43,865,304
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	15	755,333	479,214	-	-
Bank borrowings	16	3,226,552	-	-	-
		3,981,885	479,214	-	-
CURRENT LIABILITIES					
Trade payables	17	1,773,024	1,990,709	-	-
Contract liabilities	18	786,267	1,309,566	-	-
Other payables and accruals	17	231,059	526,051	33,486	53,645
Amount owing to a subsidiary company	12	-	-	-	5
Lease liabilities	15	350,323	451,497	-	-
Bank borrowings	16	2,494,241	3,449,266	-	-
Current tax liabilities		-	42,092	34,342	-
		5,634,914	7,769,181	67,828	53,650
TOTAL LIABILITIES		9,616,799	8,248,395	67,828	53,650
TOTAL EQUITY AND LIABILITIES		64,098,265	47,993,921	60,144,837	43,918,954

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	19	11,656,594	14,718,065	403,825	13,091,572
COST OF SALES		(11,445,936)	(14,551,334)	-	-
GROSS PROFIT		210,658	166,731	403,825	13,091,572
OTHER INCOME		320,364	844,377	-	-
SELLING AND DISTRIBUTION EXPENSES		(25,936)	(119,206)	-	-
ADMINISTRATIVE EXPENSES		(11,921,601)	(3,947,412)	(9,057,674)	(330,587)
OTHER OPERATING EXPENSES		(146,547)	(984,409)	(1,500,012)	-
		(11,563,062)	(4,039,919)	(10,153,861)	12,760,985
FINANCE COSTS	20	(226,564)	(187,143)	-	-
(LOSS) / PROFIT BEFORE TAX	21	(11,789,626)	(4,227,062)	(10,153,861)	12,760,985
TAX EXPENSE	22	120,000	(876,252)	(40,000)	-
(LOSS) / PROFIT AFTER TAX / TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		(11,669,626)	(5,103,314)	(10,193,861)	12,760,985
LOSS AFTER TAX/ TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(11,669,626)	(5,103,314)		
LOSS PER SHARE					
- Basic (Sen)	23	(9.95)	(9.74)		
- Diluted (Sen)	23	(6.82)	(9.74)		

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

Statements of Changes in Equity

for the financial year ended 31 December 2021

	<-----Attributable to owners of the Company----->				
	<---- Non-distributable ---->		Distributable		Total equity RM
Note	Share capital RM	Foreign currency translation reserve RM	Share options reserve RM	Retained earnings / (accumulated losses) RM	
Group					
Balance at 1 January 2020	40,200,834	228,092	-	2,802,417	43,231,343
Transactions with owners:					
Issuance of shares arising from private placements	1,896,986	-	-	-	1,896,986
Share issuance expenses	-	-	-	(51,397)	(51,397)
	1,896,986	-	-	(51,397)	1,845,589
	42,097,820	228,092	-	2,751,020	45,076,932
Loss after tax	-	-	-	(5,103,314)	(5,103,314)
Other comprehensive loss:					
Foreign currency translation differences	-	(228,092)	-	-	(228,092)
	-	(228,092)	-	(5,103,314)	(5,331,406)
Balance at 31 December 2020 / 1 January 2021	42,097,820	-	-	(2,352,294)	39,745,526
Transactions with owners:					
Issuance of shares arising from private placements	18,667,523	-	-	-	18,667,523
Share options granted	-	-	8,440,000	-	8,440,000
Share issuance expenses	-	-	-	(701,957)	(701,957)
	18,667,523	-	8,440,000	(701,957)	26,405,566
Loss after tax	-	-	-	(11,669,626)	(11,669,626)
Balance at 31 December 2021	60,765,343	-	8,440,000	(14,723,877)	54,481,466

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

Statements of Changes in Equity

for the financial year ended 31 December 2021 (cont'd)

Company	Note	Share capital RM	Non-distributable Share options reserve RM	Distributable Accumulated losses RM	Total equity RM
Balance at 1 January 2020		40,200,834	-	(10,942,104)	29,258,730
<u>Transactions with owners:</u>					
Issuance of shares arising from private placements		1,896,986	-	-	1,896,986
Share issuance expenses		-	-	(51,397)	(51,397)
		1,896,986	-	(51,397)	1,845,589
		42,097,820	-	(10,993,501)	31,104,319
Profit after tax		-	-	12,760,985	12,760,985
Balance at 31 December 2020 / 1 January 2021		42,097,820	-	1,767,484	43,865,304
<u>Transactions with owners:</u>					
Issuance of shares arising from private placements		18,667,523	-	-	18,667,523
Share options granted	30	-	8,440,000	-	8,440,000
Share issuance expenses		-	-	(701,957)	(701,957)
		18,667,523	8,440,000	(701,957)	26,405,566
		60,765,343	8,440,000	1,065,527	70,270,870
Loss after tax		-	-	(10,193,861)	(10,193,861)
Balance at 31 December 2021		60,765,343	8,440,000	(9,128,334)	60,077,009

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

Statements of Cash Flows

for the financial year ended 31 December 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/ Profit before tax	(11,789,626)	(4,227,062)	(10,153,861)	12,760,985
<i>Adjustments for:</i>				
Amortisation of intangible asset	32,018	-	-	-
Amortisation of leasehold land	26,436	-	-	-
Bad debts written off	-	243,000	-	-
Depreciation of property, plant and equipment	1,566,819	1,332,741	-	-
Depreciation of right-of-use asset	415,975	313,083	-	-
Employee Share Option Scheme expenses	8,440,000	-	8,440,000	-
Loss on disposal of property, plant and equipment	59,486	-	-	-
(Gain)/ loss on foreign exchange translation				
- unrealised	(14,305)	31,972	-	-
Gain on disposal of investment	-	(10,567)	-	-
Impairment loss on:				
- receivables	70,327	565,400	-	-
- investment in a subsidiary	-	-	1,500,012	-
Interest expenses	226,564	187,143	-	-
Interest income	(250,659)	(827,509)	(343,825)	(55,071)
Reversal of impairment loss on trade receivables	(55,400)	-	-	-
<i>Operating (loss)/profit before working capital changes</i>	(1,272,365)	(2,391,799)	(557,674)	12,705,914
Decrease/ (increase) in inventories	1,681,249	(1,242,805)	-	-
(Increase) / decrease in receivables	(13,588,155)	350,463	(55,680)	(78,240)
(Decrease)/ increase in payables	(1,036,548)	1,549,654	(20,159)	1,996
<i>Cash (used in)/generated from operations</i>	(14,215,819)	(1,734,487)	(633,513)	12,629,670
Interest paid	(226,564)	(187,143)	-	-
Tax paid	(67,750)	(215,252)	-	-
<i>Net cash (used in) / generated from operating activities</i>	(14,510,133)	(2,136,882)	(633,513)	12,629,670

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

Statements of Cash Flows

for the financial year ended 31 December 2021 (cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary company	25	(159,520)	-	(2,159,900)	-
Repayment to subsidiary companies		-	-	(16,034,494)	(12,130,000)
Capital work in progress incurred		(13,100,330)	(50,276)	-	-
Interest received		250,659	827,509	343,825	55,071
Purchase of property, plant and equipment		(4,369,298)	(34,825)	-	-
Proceeds from disposal of property, plant and equipment		268,000	-	-	-
Proceeds from disposal of subsidiary		-	28,164	-	-
<i>Net cash (used in)/ generated from investing activities</i>		<u>(17,110,489)</u>	<u>770,572</u>	<u>(17,850,569)</u>	<u>(12,074,929)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Placement of pledged fixed deposits		(202,047)	(1,364,498)	-	-
Net proceeds from issuance of shares		17,965,566	1,845,589	17,965,566	1,845,589
Proceeds from / (repayment of) bank borrowings		4,012,120	(911,170)	-	-
Repayment of finance lease liabilities		(508,650)	(508,970)	-	-
<i>Net cash generated from / (used in) financing activities</i>		<u>21,266,989</u>	<u>(939,049)</u>	<u>17,965,566</u>	<u>1,845,589</u>
<i>Net (decrease) / increase in cash and cash equivalents</i>		<u>(10,353,633)</u>	<u>(2,305,359)</u>	<u>(518,516)</u>	<u>2,400,330</u>
<i>Cash and cash equivalents at beginning of year</i>		<u>13,969,029</u>	<u>16,274,388</u>	<u>4,297,894</u>	<u>1,897,564</u>
<i>Cash and cash equivalents at end of year</i>		<u>3,615,396</u>	<u>13,969,029</u>	<u>3,779,378</u>	<u>4,297,894</u>
CASH AND CASH EQUIVALENTS COMPRISE:					
Fixed deposit with licenced banks		12,471,053	27,576,156	404,508	4,197,265
Cash and bank balances		4,052,561	839,637	3,374,870	100,629
Bank overdrafts	16	(841,673)	(2,582,266)	-	-
		<u>15,681,941</u>	<u>25,833,527</u>	<u>3,779,378</u>	<u>4,297,894</u>
Less: Fixed deposits pledged as securities		(12,066,545)	(11,864,498)	-	-
		<u>3,615,396</u>	<u>13,969,029</u>	<u>3,779,378</u>	<u>4,297,894</u>

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

Notes to the Financial Statements

31 December 2021

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 2021 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:

MFRSs/Amendments to MFRSs/IC Interpretation	Effective for annual periods beginning on or after
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

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

Notes to the Financial Statements

31 December 2021 (cont'd)

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:

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs/IC Interpretation	
Amendment to MFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a contract	1 January 2022
Annual improvements to MFRS 2018 – 2020	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2022 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2022, 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.

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:

Notes to the Financial Statements

31 December 2021 (cont'd)

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

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

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.

2) *Employees share option*

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. These estimates also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

3. SIGNIFICANT ACCOUNTING POLICIES

(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.

Notes to the Financial Statements

31 December 2021 (cont'd)

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.

Notes to the Financial Statements

31 December 2021 (cont'd)

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
Leasehold land	1.04
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) Intangible asset

(i) License

Intangible asset that are acquired by the Group, which have finite useful lives, are measure at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for the current period is as follows:

	%
License	20

If there is an indication that there has been a change in the residual value or useful life of an intangible asset since the last annual reporting date, the Group would review its previous estimates and, if current expectations differ, the Group would amend the residual value, amortisation method or useful life.

(d) 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

(f) 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.

(g) Financial Instruments

(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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

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

Financial assets (cont'd)

- *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)).

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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment

(i) *Financial assets*

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.

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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 if 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.

(j) 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.

(k) 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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.

(l) 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.

(iii) *Shared-based payment transactions*

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(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 on an accrual basis using the effective interest method. Interest earned on loans and advances is calculated on a monthly rest basis.

(n) 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.

(o) 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Tax (cont'd)

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.

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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Fair Value Measurement (cont'd)

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

31 December 2021 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

<i>Group</i>	Leasehold land RM	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 2020	-	1,888,540	1,326,518	32,609,971	336,204	36,161,233
Additions	-	8,725	-	26,100	50,276	85,101
Disposals	-	-	-	(377,371)	-	(377,371)
Foreign currency translation	-	-	-	11,294	-	11,294
At 31 December 2020/1 January 2021	-	1,897,265	1,326,518	32,269,994	386,480	35,880,257
Additions	4,288,863	74,435	-	6,000	13,100,330	17,469,628
Disposals	-	-	(1,155,026)	-	-	(1,155,026)
At 31 December 2021	4,288,863	1,971,700	171,492	32,275,994	13,486,810	52,194,859
<i>Accumulated depreciation</i>						
At 1 January 2020	-	1,333,009	821,670	23,437,039	-	25,591,718
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 January 2021	-	1,567,997	916,588	24,312,217	-	26,796,802
Charge for the financial year	26,436	108,527	11,032	1,447,260	-	1,593,255
Disposals	-	-	(827,540)	-	-	(827,540)
At 31 December 2021	26,436	1,676,524	100,080	25,759,477	-	27,562,517
<i>Accumulated impairment losses</i>						
At 1 January 2020	-	-	-	171,234	-	171,234
Disposals	-	-	-	(174,693)	-	(174,693)
Foreign currency translation	-	-	-	3,459	-	3,459
At 31 December 2020/31 December 2021	-	-	-	-	-	-
<i>Net carrying amount</i>						
At 31 December 2021	4,262,427	295,176	71,412	6,516,517	13,486,810	24,632,342
At 31 December 2020	-	329,268	409,930	7,957,777	386,480	9,083,455

Leased plant and equipment

At 31 December 2021, the net carrying amount of leased motor vehicle was NIL (2020: RM284,162).

Notes to the Financial Statements

31 December 2021 (cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2021 RM	2020 RM
Unquoted shares in Malaysia, at cost		
At 1 January	28,298,215	28,298,215
Additions	2,159,900	-
At 31 December	30,458,115	28,298,215
Less: Accumulated impairment losses		
At 1 January	13,881,754	13,881,754
Additions	1,500,012	-
At 31 December	15,381,766	13,881,754
<i>Net carrying value</i>		
At 31 December	15,076,349	14,416,461

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
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
Southborn Capital Sdn Bhd	Malaysia	100	-	Provision of finance through money lending business

Notes to the Financial Statements

31 December 2021 (cont'd)

6. RIGHT-OF-USE ASSET

	Factory land and building RM
<i>Group</i>	
<i>Cost</i>	
At 1 January 2020	1,078,406
Additions	386,423
At 31 December 2020 / 1 January 2021	1,464,829
Additions	683,595
At 31 December 2021	2,148,424
<i>Accumulated depreciation</i>	
At 1 January 2020	359,469
Charge for the financial year	313,083
At 31 December 2020 / 1 January 2021	672,552
Charge for the financial year	415,975
At 31 December 2021	1,088,527
<i>Carrying amount</i>	
At 31 December 2021	1,059,897
At 31 December 2020	792,277

7. INTANGIBLE ASSET

	License RM
<i>Group</i>	
<i>Cost</i>	
At 1 January 2020 / 31 December 2020 / 1 January 2021	-
Acquisition of subsidiary (Note 25)	160,092
At 31 December 2021	160,092
<i>Accumulated amortisation</i>	
At 1 January 2020 / 31 December 2020 / 1 January 2021	-
Charge for the financial year	32,018
At 31 December 2021	32,018
<i>Carrying amount</i>	
At 31 December 2021	128,074
At 31 December 2020	-

Notes to the Financial Statements

31 December 2021 (cont'd)

8. INVENTORIES

	Group	
	2021 RM	2020 RM
At cost:		
Raw materials	871,356	946,878
Work-in-progress	1,829,635	2,335,009
Finished goods	690,444	1,797,622
Consumables	255,160	248,335
	<u>3,646,595</u>	<u>5,327,844</u>

The Group's cost of inventories recognised as an expense during the financial year amounted to RM5,559,047 (2020: RM2,538,773).

9. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
Trade receivables	1,682,275	2,368,304
Loan receivables	16,788,958	-
Less: Bad debts written off	-	(243,000)
Less: Accumulated impairment losses	(580,327)	(565,400)
Less: Unearned interest	(653,524)	-
	<u>17,237,382</u>	<u>1,559,904</u>

Movement of accumulated impairment losses:-

At 1 January	565,400	-
Addition	70,327	565,400
Reversal	(55,400)	-
At 31 December	<u>580,327</u>	<u>565,400</u>

10. CONTRACT ASSETS

	Group	
	2021 RM	2020 RM
Contract assets in relation to: -		
- construction project	<u>195,000</u>	<u>1,152,050</u>
Aggregate costs incurred to date	381,653	1,905,138
Add: Attributable profits	25,979	639,066
	<u>407,632</u>	<u>2,544,204</u>
Less: Progress billings	(212,632)	(1,392,154)
	<u>195,000</u>	<u>1,152,050</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.

Notes to the Financial Statements

31 December 2021 (cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	12,885	199,451	-	-
Deposits	231,684	132,400	101,000	1,000
Prepayments	285,134	1,330,747	42,400	86,720
	<u>529,703</u>	<u>1,662,598</u>	<u>143,400</u>	<u>87,720</u>

12. AMOUNT OWING BY / (TO) SUBSIDIARY COMPANIES

	Company	
	2021 RM	2020 RM
Amount owing by subsidiary companies		
- non-trade	45,878,304	29,843,815
Less: Accumulated impairment losses	(4,732,594)	(4,732,594)
	<u>41,145,710</u>	<u>25,111,221</u>
Amount owing to a subsidiary company		
- non-trade	-	5
	<u>-</u>	<u>5</u>
Movement of accumulated impairment losses:-		
At 1 January / 31 December	<u>4,732,594</u>	<u>4,732,594</u>

Amount owing by subsidiary companies is unsecured, receivable on demand and carries interest rate of 2% (2020:NIL) per annum.

Amount owing to a subsidiary company is unsecured, interest free and repayable on demand.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash on hand	4,605	6,005	-	-
Cash at bank	4,047,956	833,632	3,374,870	100,629
Fixed deposits with licensed banks	12,471,053	27,576,156	404,508	4,197,265
	<u>16,523,614</u>	<u>28,415,793</u>	<u>3,779,378</u>	<u>4,297,894</u>

The fixed deposits with licensed banks earn interest at rates ranging from 1.50% to 1.95% (2020: 2.95% to 3.85%) per annum.

Included in fixed deposits with licensed banks is an amount of RM12,066,545 (2020: RM11,864,498) being fixed deposits pledged for banking facilities granted to the Group.

Notes to the Financial Statements

31 December 2021 (cont'd)

14. CAPITAL AND RESERVES

Share capital

	Group and Company		Group and Company	
	2021	2020	2021	2020
	Number of ordinary shares		RM	RM
Issued and fully paid				
At 1 January	54,912,770	49,920,700	42,097,820	40,200,834
Add: Issuance of shares	123,807,140	4,992,070	18,667,523	1,896,986
At 31 December	178,719,910	54,912,770	60,765,343	42,097,820

During the financial year, the issued and paid-up share capital of the Company was increased from RM42,097,820 to RM60,765,343 by the allotment of:-

- (i) 5,491,200 new ordinary shares for cash pursuant to private placement exercise on 5 May 2021 at an issue price of RM1.2987 per share; and
- (ii) 90,605,940 new ordinary shares on 2 June 2021 on the basis of 3 bonus share for every 2 existing shares held; and
- (iii) 6,500,000 new ordinary shares for cash pursuant to private placement exercise on 12 August 2021 at an issue price of RM0.4150 per share; and
- (iv) 4,321,000 new ordinary shares for cash pursuant to private placement exercise on 26 August 2021 at an issue price of RM0.4050 per share; and
- (v) 3,500,000 new ordinary shares for cash pursuant to private placement exercise on 27 August 2021 at an issue price of RM0.4060 per share; and
- (vi) 679,000 new ordinary shares for cash pursuant to private placement exercise on 22 October 2021 at an issue price of RM0.4496 per share; and
- (vii) 4,962,000 new ordinary shares for cash pursuant to private placement exercise on 16 December 2021 at an issue price of RM0.4030 per share; and
- (viii) 7,748,000 new ordinary shares for cash pursuant to private placement exercise on 31 December 2021 at an issue price of RM0.4340 per share.

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

Warrants

The Warrants 2021/2024 ("the Warrants") were constituted under the Deed Poll dated 12 May 2021. The Warrants were issued on 9 June 2021 in conjunction with the Proposed Bonus Issue of Warrants of the Company on the basis of 1 free Warrant for every 2 existing ordinary shares of the Company and expiring on 7 June 2024. Each Warrant entitled the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.42 per Warrant.

The movements in the Warrants during the financial year were as follows:-

	----- Number of Warrants -----			
	As at 01.01.2021	Issued	Exercised	As at 31.12.2021
Warrants 2021/2024	-	30,201,970	-	30,201,970

The Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Notes to the Financial Statements

31 December 2021 (cont'd)

15. LEASE LIABILITIES

	Group	
	2021 RM	2020 RM
Current liabilities		
- Lease liabilities owing to financial institutions	-	83,251
- Lease liabilities owing to non-financial institutions	350,323	368,246
	350,323	451,497
Non-current liabilities		
- Lease liabilities owing to financial institutions	-	92,127
- Lease liabilities owing to non-financial institutions	755,333	387,087
	755,333	479,214
	1,105,656	930,711

The Group leases factory and building. The remaining lease terms are as below:-

	2021	2020
Factory land and building	36 months	24 months

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the entity's incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made.

The total cash outflow for the leases in the financial year ended 31 December 2021 for the Group amounted to RM508,650 (2020: RM508,970).

The incremental borrowing rate and effective interest rates of the lease liabilities per annum are 5% (2020:5%) and 5.12% (2020: 4.39% to 6.54%), respectively.

16. BANK BORROWINGS

	Group	
	2021 RM	2020 RM
Repayable within 12 months:-		
Bankers' acceptances - Secured	1,530,000	867,000
Bank overdraft - Secured	841,673	2,582,266
Term loan - Secured	122,568	-
	2,494,241	3,449,266
Repayable after 12 months:-		
Term loan - Secured	3,226,552	-
	5,720,793	3,449,266

Notes to the Financial Statements

31 December 2021 (cont'd)

16. BANK BORROWINGS (CONT'D)

Bank borrowings are secured on the following:

- The pledge of RM12,066,545 (2020: RM11,864,498) fixed deposits of its subsidiary, Chip Ngai Engineering Works Sdn Bhd;
- Legal charge over a vacant agricultural land held under H.S.(M) 23504, Lot 5856, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Negeri Selangor.
- Letter of Subordination of advances from Directors/Related Companies for at least RM4,670,000.
- Corporate Guarantee for RM3,400,000 to be executed by CN Asia Corporation Bhd.

The bankers' acceptances bear interest rates ranging from 2.20% to 2.73% (2020: 2.20% to 3.87%) per annum.

The term loan bears interest rate at base financing rate ("BFR") less 2% per annum.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	1,773,024	1,990,709	-	-
Other payables and accruals				
Other payables	27,310	41,504	580	4,770
Accruals	203,749	484,547	32,906	48,875
	231,059	526,051	33,486	53,645
	2,004,083	2,516,760	33,486	53,645

18. CONTRACT LIABILITIES

	Group	
	2021 RM	2020 RM
Contract liabilities in relation to: -		
- manufacturing of tanks and vessels	786,267	1,309,566

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 Group satisfies its performance obligation.

Notes to the Financial Statements

31 December 2021 (cont'd)

19. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sale of goods	11,474,147	7,031,187	-	-
Contract revenue	4,200	7,686,878	-	-
Dividend income	-	-	-	12,976,500
Interest income	178,247	-	343,825	55,072
Management fees	-	-	60,000	60,000
	<u>11,656,594</u>	<u>14,718,065</u>	<u>403,825</u>	<u>13,091,572</u>
Timing of revenue recognition:-				
- at a point in time	11,652,394	7,031,187	403,825	13,091,572
- over time	4,200	7,686,878	-	-
	<u>11,656,594</u>	<u>14,718,065</u>	<u>403,825</u>	<u>13,091,572</u>

20. FINANCE COSTS

	Group	
	2021 RM	2020 RM
Bankers' acceptances	43,753	76,572
Bank overdrafts	52,304	70,468
Lease liabilities	64,117	40,103
Term loan	66,390	-
	<u>226,564</u>	<u>187,143</u>

Notes to the Financial Statements

31 December 2021 (cont'd)

21. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss) / Profit before tax is stated <i>after charging:</i>				
Auditors' remuneration				
- current year's provision	84,000	73,000	36,000	30,000
Amortisation of intangible asset	32,018	-	-	-
Amortisation of leasehold land	26,436	-	-	-
Bad debts written off	-	243,000	-	-
Depreciation of property, plant and equipment	1,566,819	1,332,741	-	-
Depreciation of right-of-use asset	415,975	313,083	-	-
Impairment loss of:				
- receivables	70,327	565,400	-	-
- investment in a subsidiary	-	-	1,500,012	-
Loss on disposal of property, plant and equipment	59,486	-	-	-
Loss on foreign exchange translation:				
- realised	5,489	103,904	-	-
- unrealised	-	31,972	-	-
Rental of empty cylinder	3,890	2,804	-	-
Staff costs (Note 24)	12,610,420	4,837,649	8,650,000	227,500
<i>and crediting:</i>				
Gain on disposal of investment	-	10,567	-	-
Interest income	250,659	827,509	343,825	55,071
Reversal of impairment loss on trade receivables	55,400	-	-	-
Unrealised gain on foreign exchange translation	14,305	-	-	-

22. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia income tax:				
- current year's provision	68,000	188,000	40,000	-
- (over) / under provision in respect of prior years	(188,000)	3,252	-	-
	(120,000)	191,252	40,000	-
Reversal of temporary differences	-	685,000	-	-
	(120,000)	876,252	40,000	-

Notes to the Financial Statements

31 December 2021 (cont'd)

22. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss) / profit before tax	(11,789,626)	(4,227,062)	(10,153,861)	12,760,985
Tax expense at Malaysian statutory tax rate of 24% (2020: 24%)	(2,829,510)	(1,014,495)	(2,436,927)	3,062,636
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	237,933	407,061	451,327	51,724
- income not subject to corporation tax	-	-	-	(3,114,360)
- deferred tax assets not recognised during the financial year	2,659,577	1,480,434	2,025,600	-
	2,897,510	1,887,495	2,476,927	(3,062,636)
• (Over) / under provision of taxation in respect of prior years	(188,000)	3,252	-	-
	(120,000)	876,252	40,000	-

23. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 31 December 2021 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM	2020 RM
Loss attributable to owners of the Company (RM)	(11,669,626)	(5,103,314)
Weighted average number of ordinary shares at 31 December	117,269,035	52,416,735
Basic loss per share (Sen)	(9.95)	(9.74)

Notes to the Financial Statements

31 December 2021 (cont'd)

23. LOSS PER SHARE (CONT'D)

Diluted loss per share

The calculation of diluted loss per ordinary share at 31 December 2021 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 as follows:-

	Group	
	2021 RM	2020 RM
Loss attributable to owners of the Company (RM)	(11,669,626)	(5,103,314)
Weighted average number of ordinary shares as at 31 December 2021	117,269,035	52,416,735
Effect of potential exercise of warrants	30,201,970	-
Effect of potential exercise of share options	23,600,000	-
Weighted average number of ordinary shares as at 31 December 2021	171,071,005	52,416,735
Diluted loss per share (sen)	(6.82)	(9.74)

24. STAFF COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' emoluments:				
- fees	210,000	227,500	210,000	227,500
- remuneration	355,161	510,000	-	-
- defined contribution plan	42,636	86,400	-	-
- social security costs	1,225	1,516	-	-
- share options granted	6,480,000	-	6,480,000	-
- other emoluments	-	468,079	-	-
	7,089,022	1,293,495	6,690,000	227,500
Other staff costs:				
- salaries, allowances and wages	3,177,563	3,242,843	-	-
- defined contribution plan	259,768	223,991	-	-
- social security costs	29,681	26,734	-	-
- share options granted	1,960,000	-	1,960,000	-
- other staff related expenses	94,386	50,586	-	-
	5,521,398	3,544,154	1,960,000	-
	12,610,420	4,837,649	8,650,000	227,500

Notes to the Financial Statements

31 December 2021 (cont'd)

25. ACQUISITION OF SUBSIDIARY

On 15 June 2021, the Company acquired 100% equity interest in Southborn Capital Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM160,000.

The Purchase Price Allocation ("PPA") exercise for acquisition of Southborn Capital Sdn Bhd was completed during the financial year. The net liabilities acquired in the transaction and cash flow arising therefrom, are as follows:

	GROUP 2021 RM
Cash and bank balances	480
Other payables and accruals	(572)
Net identifiable liabilities	(92)
Intangible asset arising after PPA (Note 7)	160,092
Total purchase consideration	160,000
Cash and cash equivalents acquired	(480)
Net cash outflow on acquisition	159,520

On 19 July 2021, Southborn Capital Sdn Bhd issued 1,999,900 new ordinary shares at RM 1 per share. The entire new issue was subscribed by CN Asia Corporation Bhd for a total consideration of RM1,999,900.

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

(b) Construction

Sub-contracting relating to civil engineering works.

(c) Investment

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

(d) Financial services

Provision of finance through money lending business.

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

31 December 2021 (cont'd)

26. OPERATING SEGMENTS (CONT'D)

(a) Business segments

<i>Group 2021</i>	Manufacturing RM	Financial Services RM	Investment RM	Eliminations RM	Total RM
Revenue					
External revenue	11,478,347	178,247	-	-	11,656,594
Inter-segment revenue	-	-	361,000	(361,000)	-
External revenue	11,478,347	178,247	361,000	(361,000)	11,656,594
Results					
Segment results	(1,469,427)	170,059	(10,514,353)		(11,813,721)
Interest income	207,834	-	42,825	-	250,659
Interest expenses	(457,564)	(70,000)	-	301,000	(226,564)
(Loss) / profit before tax	(1,719,157)	100,059	(10,471,528)	301,000	(11,789,626)
Tax expense	188,000	(28,000)	(40,000)	-	120,000
(Loss) / profit after tax	(1,531,157)	72,059	(10,511,528)	301,000	(11,669,626)
Assets					
Segment assets	43,734,960	16,166,239	4,259,408	(62,342)	64,098,265
Liabilities					
Segment liabilities	9,568,940	34,373	75,828	(62,342)	9,616,799
Other information					
Capital expenditure	17,382,908	-	86,720	-	17,469,628
Depreciation	1,987,746	-	(4,952)	-	1,982,794
Amortisation	25,536	-	32,918	-	58,454

Notes to the Financial Statements

31 December 2021 (cont'd)

26. OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

<u>Business segments</u> Group 2020	Manufacturing RM	Construction RM	Investment RM	Eliminations RM	Total RM
Revenue					
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
Results					
Segment results	(4,016,882)	(510,000)	(340,546)	-	(4,867,428)
Interest income	772,437	-	55,072	-	827,509
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)
Assets					
Segment assets	43,383,639	-	4,610,282	-	47,993,921
Liabilities					
Segment liabilities	8,192,170	-	56,225	-	8,248,395
Other information					
Depreciation	1,651,037	-	(5,213)	-	1,645,824
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets	85,101	-	-	-	85,101

Notes to the Financial Statements

31 December 2021 (cont'd)

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
2021		
<i>Financial assets</i>		
<u>Group</u>		
Trade receivables	17,237,382	17,237,382
Other receivables and deposits	244,569	244,569
Cash and cash equivalents	16,523,614	16,523,614
	<u>34,005,565</u>	<u>34,005,565</u>
<u>Company</u>		
Deposits	101,000	101,000
Amount owing by subsidiary companies	41,145,710	41,145,710
Cash and cash equivalents	3,779,378	3,779,378
	<u>45,026,088</u>	<u>45,026,088</u>
<i>Financial liabilities</i>		
<u>Group</u>		
Trade payables	1,773,024	1,773,024
Other payables and accruals	231,059	231,059
Lease liabilities	1,105,656	1,105,656
Bank borrowings	5,720,793	5,720,793
	<u>8,830,532</u>	<u>8,830,532</u>
<u>Company</u>		
Other payables and accruals	33,486	33,486
	<u>33,486</u>	<u>33,486</u>

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM	Amortised cost RM
2020		
<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
Bank 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>

(b) Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

i. 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 its loan receivables from customers, trade receivables, contract assets, other receivables and cash and cash equivalents. There are no significant changes as compared to prior periods.

Trade receivables, loan 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 receivables.

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

i. Credit Risk (cont'd)

Trade receivables, loan receivables and contract assets (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

The gross carrying amounts of credit impaired trade receivables, loan 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, loan 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, loan 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 4 (2020: 3) major customers constituting approximately 94% (2020: 74%) of the outstanding trade receivables and loan receivables of the Group at reporting date.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables and loan receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade debtors will pay within 60 days, whereas loan debtors will pay between 30 to 365 days.

The Group uses a provision matrix to measure ECLs of trade receivables and loan 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

i. Credit Risk (cont'd)

Trade receivables, loan receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables, loan receivables and contract assets as at 31 December 2021 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
Current (not past due)	16,893,011	(70,327)	16,822,684
31 - 60 days past due	232,683	-	232,683
More than 61 days past due	887,015	(510,000)	377,015
	<u>18,012,709</u>	<u>(580,327)</u>	<u>17,432,382</u>
Trade receivables	1,682,275	(580,327)	1,101,948
Loan receivables	16,135,434	-	16,135,434
Contract assets	195,000	-	195,000
	<u>18,012,709</u>	<u>(580,327)</u>	<u>17,432,382</u>

The aging of trade receivables as at 31 December 2020 was as follows:

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
Current (not past due)	2,160,544	(51,750)	2,108,794
1 - 30 days past due	3,500	(350)	3,150
31 - 60 days past due	-	-	-
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>

Cash and cash equivalents

The cash and cash equivalents are held on hand and 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

i. Credit Risk (cont'd)

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and utilities. 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.

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:

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2021			
Company			
Low credit risk	14,065,489	-	14,065,489
Credit impaired	31,812,815	(4,732,594)	27,080,221
	<u>45,878,304</u>	<u>(4,732,594)</u>	<u>41,145,710</u>
2020			
Company	RM	RM	RM
Low credit risk	25,085,000	-	25,085,000
Credit impaired	4,758,815	(4,732,594)	26,221
	<u>29,843,815</u>	<u>(4,732,594)</u>	<u>25,111,221</u>

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

ii. 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

ii. 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.

	Contractual interest rate / Discount rate %	Carrying Amount RM	Contractual Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	More than 5 Years RM	Total RM
2021								
<i>Group</i>								
<u>Non-derivative financial liabilities</u>								
Trade payables	-	1,773,024	1,773,024	1,773,024	-	-	-	1,773,024
Other payables and accruals	-	231,059	231,059	231,059	-	-	-	231,059
Lease liabilities	5.00 - 5.12	1,105,656	1,188,000	396,000	396,000	396,000	-	1,188,000
Bank borrowings	2.20 - 3.40	5,720,793	6,945,203	2,606,213	234,540	703,620	3,400,830	6,945,203
		8,830,532	10,137,286	5,006,296	630,540	1,099,620	3,400,830	10,137,286
Company								
<u>Non-derivative financial liabilities</u>								
Other payables and accruals	-	33,486	33,486	33,486	-	-	-	-
		33,486	33,486	33,486	-	-	-	-

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

ii. Liquidity Risk (cont'd)

Maturity analysis (cont'd)

	Contractual interest rate / Discount rate %	Carrying Amount RM	Contractual Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	More than 5 Years RM	Total RM
2020								
<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
Bank 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

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

iii. 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:

	BND RM	EUR RM	SGD RM	USD RM	Total RM
2021					
<i>Financial Assets</i>					
Trade receivables	-	-	509,219	243,596	752,815
Cash and cash equivalents	-	103	538,825	34,434	573,362
	-	103	1,048,044	278,030	1,326,177
<i>Financial Liabilities</i>					
Trade payables	-	-	6,547	153,555	160,102
	-	-	6,547	153,555	160,102
Net financial assets	-	103	1,041,497	124,475	1,166,075
Foreign currencies exposures	-	103	1,041,497	124,475	1,166,075
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

Notes to the Financial Statements

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

iii. Market Risk (cont'd)

(i) Currency risk (cont'd)

Currency sensitivity analysis

A 10% (2020: 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.

	Group	
	2021	2020
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after taxation/equity		
Strengthened by 10%		
- BND	-	3,754
- EUR	10	11
- SGD	104,150	38,586
- USD	12,448	22,449
Weakened by 10%		
- BND	-	(3,754)
- EUR	(10)	(11)
- SGD	(104,150)	(38,586)
- USD	(12,448)	(22,449)

(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

31 December 2021 (cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management (cont'd)

iii. 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:

	Group	
	2021 RM	2020 RM
<i>Fixed rate instruments</i>		
Financial assets	28,606,487	27,576,156
Financial liabilities	(1,530,000)	(867,000)
	<u>27,076,487</u>	<u>26,709,156</u>
<i>Floating rate instruments</i>		
Financial liabilities	<u>(4,190,793)</u>	<u>(2,582,266)</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.

	Group	
	2021 RM	2020 RM
Effects on profit before tax / equity		
Increase of 100 basis points	(41,908)	(25,823)
Decrease of 100 basis points	<u>41,908</u>	<u>25,823</u>

(c) 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.

Notes to the Financial Statements

31 December 2021 (cont'd)

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.

	Company	
	2021 RM	2020 RM
<u>Subsidiaries</u>		
Management fees	60,000	60,000
Interest income	301,000	-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Key management personnel</u>				
<u>Directors</u>				
- fees	210,000	227,500	210,000	227,500
- remuneration	355,161	510,000	-	-
- defined contribution plan	42,636	86,400	-	-
- social security costs	1,225	1,516	-	-
- share options granted	6,480,000	-	6,480,000	-
- other emoluments	-	468,079	-	-
	7,089,022	1,293,495	6,690,000	227,500

Notes to the Financial Statements

31 December 2021 (cont'd)

30. SHARE ISSUANCE SCHEME ("SIS")

During the year, the Company established a Share Issuance Scheme ("SIS" or "Scheme") to eligible employees of the Group. The SIS was approved at the Extraordinary General Meeting of the Company held on 11 May 2021 and became effective on 15 June 2021 with a duration of 5 years, expiring on 14 June 2026.

The main feature of the SIS are as follows:-

- (a) The SIS shall be in force for a period of five years from the date it became effective.
- (b) Eligible Persons are employees of the Group (including directors) who have been confirmed in the employment of the Group. The eligibility for participation in the SIS shall be at the discretion of the SIS Committee appointed by the Board of Directors.
- (c) The total number of shares to be issued under the SIS shall not exceed in aggregate 15% of the issued and paid up share capital of the Company at any point of time during the tenure of the SIS.
- (d) The exercise price for each new share shall be determined by the Board upon recommendation of the SIS Committee and fixed based on the 5-day weighted average market price of the underlying shares, before the SIS Options are granted, with a discount of not more than ten percent (10%).
- (e) No option shall be granted for less than 100 shares to any Eligible Persons.
- (f) An option granted under the SIS shall be capable of being exercised by the grantee by notice in writing to the Company, at any time and no restriction on percentage of SIS Options exercisable, before the expiry of the SIS Options on 14 June 2026.
- (g) All new ordinary shares issued upon exercise of the SIS Options granted under the SIS will rank pari passu in all respect with the existing ordinary shares of the Company.
- (h) The SIS Options shall not carry any right to vote at a general meeting of the Company.
- (i) Any unexercised SIS Option shall be automatically terminated in the following circumstances:-
 - Upon cessation of directorship or employment of the Grantee with the Group;
 - Upon happening of any event which results in the Grantee being deprived of the beneficial ownership of the SIS Option;
 - If the Grantee becomes a bankrupt;
 - Winding up or liquidation of the Company; or
 - Termination of the Scheme pursuant to the By-Law.

The terms of share options outstanding as at end of the financial year are as follows:

Grant date	Expiry date	Exercise price (RM)	----- Number of share options over ordinary share -----			
			As at 1.1.2021	Granted/ (Exercise)	Lapsed	As at 31.12.2021
13.8.2021	14.6.2026	0.406	-	18,000,000	-	18,000,000
16.8.2021	14.6.2026	0.405	-	5,600,000	-	5,600,000
			-	23,600,000	-	23,600,000

31. CAPITAL COMMITMENTS

	Group	
	2021 RM	2020 RM
Property, plant and equipment		
Contracted but not provided for	2,049,809	4,000,000

Notes to the Financial Statements

31 December 2021 (cont'd)

32. CONTINGENT LIABILITIES

	Group	
	2021 RM	2020 RM
<u>Secured</u>		
- Bankers' guarantee issued in favour of third parties	727,253	689,593
- Letters of credit issued in favour of third parties	-	513,000
	<u>727,253</u>	<u>1,202,593</u>

33. SUBSEQUENT EVENT

Subsequent to the financial year end, the Company had made an offer of options of shares to Eligible Persons on 25 February 2022 under the Company's SIS, the details of which are set out as follows: -

Date of offer	25 February 2022
Exercise price of options offered	RM0.35
Number of options of shares offered	3,200,000
Closing market price of shares on the date of the offer	RM0.38
Number of options or shares offered to each director	None
Vesting period of the options or shares offered	Not applicable

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 14 April 2022 by the Board of Directors.

THE PROPERTIES OWNED BY THE GROUP

as at 31st December 2021 is as follows:

	OWNER AND LOCATION	DESCRIPTION / EXISTING USE	TENURE / DATE LEASE EXPIRING / AGE OF BUILDING	LAND / BUILT-UP AREA (SQ.FT.)	APPROXIMATE NET BOOK VALUE (RM'000)
1	CHIP NGAI ENGINEERING WORKS SDN BHD				
	H.S.(M) 26497, PT No. 51066 Mukim of Tanjung Dua Belas District of Kuala Langat State of Selangor	Industrial land / construction of factory building in progress	99 years / lease expiring on 12 June 2117 / -	114,248,14/ -	4,262

Analysis of Shareholdings

as at 18 March 2022

Issued and Fully Paid-Up Capital : RM60,765,343
 Class of Shares : Ordinary Shares
 Voting Rights : One Vote Per Share

Disturbution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1-99	87	3.54	2,602	0.00
100-1,000	509	20.75	120,537	0.07
1,001-10,000	1,130	46.07	5,392,571	3.02
10,001-100,000	555	22.63	18,665,700	10.44
100,001-less than 5% of issued shares	172	7.01	154,538,500	86.47
5% and above of issued shares	-	0.00	-	0.00
Total	2,453	100.00	178,719,910	100.00

Substantial Shareholders

NOT APPLICABLE

Directors' Shareholdings

Name	No. of Shares Held		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
1 DATUK SERI TAN CHOON HWA	4,583,100	-	2.56	-

Analysis of Shareholdings

as at 18 March 2022 (cont'd)

Thirty Largest Shareholders

	Name	No. of Shares Held	% of Issued Capital
1	YIP CHUN MEI	5,997,000	3.36
2	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAMUEL TAN HOCK KHOON (7004711)	5,484,000	3.07
3	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOU SING HOAN	5,350,000	2.99
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK (MY0696)	5,180,000	2.90
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ON LI SAR @ OON LI SAR	5,000,000	2.80
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KUET FAR (DAMANSARA UTAMA-CL)	4,915,600	2.75
7	LOW PIT KOON	4,844,100	2.71
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA (7007201)	4,568,100	2.56
9	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK (MY2975)	4,000,000	2.24
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VALUEVEST VENTURES SDN BHD	3,670,000	2.05
11	TAI TEAN SENG	3,557,000	1.99
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH CHEE TEONG	3,479,600	1.95
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LUA CHONG KEONG	3,340,000	1.87
14	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE KEANG	3,130,200	1.75
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	3,000,000	1.68
16	NG IN JIE	2,700,000	1.51
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YEW HUI	2,590,000	1.45
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WEI MENG (7002982)	2,550,000	1.43
19	LOW KIAN SOON	2,520,500	1.41
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH CHEE TEONG ,DATO' SRI	2,434,700	1.36
21	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOIN CHEE PING	2,232,000	1.25
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SEAH YEE TENG	2,218,000	1.24
23	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR UNGGUH HOLDINGS SDN BHD	2,206,600	1.23
24	VALUEVEST VENTURES SDN. BHD.	2,205,000	1.23
25	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG BENG HOCK	2,100,000	1.18
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO EN CHIE (7006152)	2,020,200	1.13
27	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOW SIEW LI	2,000,000	1.12
28	CHANG HUI KEE	1,732,400	0.97
29	LOW KUM MOON	1,640,000	0.92
30	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WU WAI KONG	1,500,000	0.84
	Total	98,165,000	54.94

Analysis of Warrants Holdings

as at 18 March 2022

Issued Size : 30,201,970 detachable warrants
Number of Warrants Holder : 1,695

Disturbution of Warrants Holdings

Size of Warrants Holdings	No. of Holders	% of Holdings	No. of Warrants Held	% of Warrants Held
1-99	492	29.03	13,458	0.04
100-1,000	626	36.93	375,568	1.24
1,001-10,000	366	21.59	1,299,844	4.30
10,001-100,000	153	9.03	6,158,100	20.39
100,001-less than 5% of issued warrants	57	3.36	20,578,200	68.14
5% and above of issued warrants	1	0.06	1,776,800	5.88
Total	1,695	100.00	30,201,970	100.00

Substantial Warrants Holders

Name	No. of Warrants Held		% of Warrants Held	
	Direct	Indirect	Direct	Indirect
1 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KUET FAR (DAMANSARA UTAMA-CL)	2,076,900	-	6.88	-

Directors' Interest in Warrants

Name	No. of Warrants Held		% of Warrants Held	
	Direct	Indirect	Direct	Indirect
1 DATUK SERI TAN CHOON HWA	828,000	-	2.74	-

Analysis of Warrants Holdings

as at 18 March 2022 (cont'd)

Thirty Largest Warrants Holders

NO.	NAME	WARRANTS HOLDING	
		Number	%
1	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KUET FAR (DAMANSARA UTAMA-CL)	1,776,800	5.88
2	TAN LAI KUAN	1,477,000	4.89
3	NOOR AZAM BIN NOOR JAMIL	1,401,000	4.64
4	LOW PIT KOON	1,000,000	3.31
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH LIP KHOON	922,700	3.06
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOU SING HOAN	919,000	3.04
7	CPC TYRE (M) SDN. BHD.	756,700	2.51
8	MOHD JEFFRY HEW BIN ABDULLAH	700,000	2.32
9	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR YAP CHOG LIN	610,000	2.02
10	MUHAMAD MAIDEN BIN M.K.M ABD MAJID	605,900	2.01
11	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHEE KEANG (M01)	554,800	1.84
12	PANG CHEE KHIONG	520,000	1.72
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG (E-KLC)	505,500	1.67
14	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE KEANG	502,000	1.66
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WU WAI KONG	500,000	1.66
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA (7007201)	495,000	1.64
17	SEAH YEE TENG	450,000	1.49
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	396,000	1.31
19	KOK SHAN YING	395,000	1.31
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA	333,000	1.10
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG	330,000	1.09
22	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZHANG YANG (029)	325,000	1.08
23	ANG TUN BAN	300,000	0.99
24	CHOON YOKE YING	300,000	0.99
25	WAN GAR WAH	285,050	0.94
26	KS2 SERVICES SDN. BHD.	284,700	0.94
27	LAI SIEN THOONG	280,000	0.93
28	TAI BOON CHUNG	278,500	0.92
29	CH'NG EWE TEAT	267,800	0.89
30	CHAI KUET FAR	250,000	0.83
		17,721,450	58.68

PROPOSED AMENDMENTS TO THE CONSTITUTION OF CN ASIA CORPORATION BHD (“THE COMPANY”)

This is the Appendix A referred to in Agenda Item 6 of the Notice of Twenty-Sixth (26th) Annual General Meeting (“AGM”) of CN Asia Corporation Bhd dated 29 April 2022.

Date and Time of AGM	24 June 2022 (Friday) and 10.30 a.m
Venue of AGM	Will be held virtually from the Broadcast Venue at Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 24 June 2022 at 10:30 a.m.

The existing Constitution of the Company is amended by alterations, modifications, deletions and/or additions (for which differences are strikethrough and highlighted in bold below under the columns “Existing Clause” and “New Clause” respectively) wherever necessary whereby the existing Constitution are reproduced herewith the Proposed Amendments to the Constitution of the Company alongside with the existing clauses be renumbered accordingly. The Proposed Amendments are set out as follows:-

Clause	Existing Clause	New Clause
8.9	<p>Information on shareholding</p> <ul style="list-style-type: none"> • The Company may require information of a Member. The Company may, by notice in writing, require any Member within such reasonable time as is specified in the notice: <ul style="list-style-type: none"> (i) to inform the Company whether he holds any voting shares in the Company as beneficial owner or as trustee. (ii) if he holds the voting shares as trustee, to indicate so far as he can the persons for whom he holds the voting shares by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest. • The Company may require any information of beneficial interest. Where the Company is informed in pursuance of a notice given to any person hereof that any other person has an interest in any of the voting shares in the Company, the Company may by notice in writing require that other person within such reasonable time as is specified in the notice: <ul style="list-style-type: none"> (i) to inform the Company whether he holds that interest as a beneficial owner or as trustee. (ii) if he holds the voting shares as trustee, to indicate so far as he can the persons for whom he holds such interest by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest. 	<p>To delete existing Clause 8.9 in its entirety as it is repeated in Clause 14.</p>

Appendix A (cont'd)

Clause	Existing Clause	New Clause
	<ul style="list-style-type: none"> Member to inform Company. The Company may by notice in writing require a Member to inform the Company, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any voting shares in the Company held by him are the subject of an agreement or arrangement under which another person is entitled to control his exercise of those rights and, if so, to give particulars of the agreement or arrangement and the parties to such agreement or arrangement. 	
8.10	<p><u>Issue of Securities</u></p> <p>Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds 10% of the total number of issued shares (excluding treasury shares) of the Company, except where the shares or convertible Securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.</p>	<p><u>Issue of Securities</u></p> <p>Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, except where the shares or convertible Securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.</p>
20.	To insert new clause.	<p><u>Untraced Members and Unclaimed Moneys</u></p> <ul style="list-style-type: none"> The Company may transfer shares of a Member to the Minister charged with responsibility for finance in accordance with the Act. The Directors may appoint a person to sign on behalf of such Member, any transfer or other documents needed for this transfer to the Minister. The Company may exercise all its rights and duties under Unclaimed Monies Act 1965 concerning a share. These include dividends and other money payable and all other things related to that share, as far as Unclaimed Monies Act 1965 covers.

Clause	Existing Clause	New Clause
20.1	<p><u>Annual General Meeting</u></p> <p>The Company shall once in an every calendar year within six (6) months of the Company's financial year end hold a general meeting as its annual general meeting in addition to any other meeting in that year, and not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next, but so long as a Company holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold any other annual general meeting in the year of its incorporation or in the year following its incorporation.</p>	<p><u>Annual General Meeting</u></p> <p>The Company shall hold an annual general meeting in every calendar year in accordance with the Act to transact matters prescribed by the Act.</p>
20.8	<p><u>Business at General Meeting</u></p> <p>Subject always to the provisions of the Act, no business shall be transacted at an extraordinary general meeting except the business of which notice has been given in the notice convening the meeting.</p>	<p><u>Business at General Meeting</u></p> <p>Subject always to the provisions of the Act, no business shall be transacted at an extraordinary general meeting except the business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than the business of which notice has been given aforesaid, except for the receipt and consideration of the audited financial statements and audited group financial statements (if any) of the Company and the report of the Directors and Auditors thereon, declaring a dividend, the election of Directors in the place of those retiring, Directors' fees and the appointment of, and the fixing of the remuneration of the Auditors.</p>

Appendix A (cont'd)

Clause	Existing Clause	New Clause
20.14	To insert new clause.	<p>Cancellation or Postponement of General Meeting</p> <ul style="list-style-type: none"> Where a General Meeting (including an annual general meeting) is convened by the Directors, whenever they think fit, cancel the meeting or postpone the holding of the meeting to a date determined by them or change the place for the meeting. The cancellation or postponement of a general meeting is subject to the Listing Requirements, statutes, regulations and rules or any other directives or requirements imposed by the Companies Commission of Malaysia and other appropriate authorities to the extent required by law. This Clause does not apply to a general meeting convened:- <ul style="list-style-type: none"> in accordance with Sections 310 and 311 of the Act by a Member or Members unless with the consent of such Member or Members only; or by a court. Notice of cancellation or postponement of a general meeting or change of place of a general meeting must state the reason for cancellation or postponement and such notice shall be:- <ul style="list-style-type: none"> published in a daily newspaper circulating in Malaysia; given to the Exchange and given in other manner required by the Listing Requirements or statutes, regulations and rules or any other directives or requirements imposed by the Companies Commission of Malaysia and other appropriate authorities to the extent required by law; and subject to the Act and the Listing Requirements, given in any other manner determined by the Board of Directors. Notice of postponement of a general meeting must specify:- <ul style="list-style-type: none"> the postponed date and time for the holding of the meeting;

Clause	Existing Clause	New Clause
		<p>(ii) a place for the holding of the meeting which may be either the same as or different from the place specified in the notice convening the meeting; and</p> <p>(ii) if the meeting is to be held in two (2) or more places, the technology will be used to facilitate the holding of the meeting in that manner.</p> <p>The new time and place specified in the notice of postponement will be taken to be the time and place for the meeting as if specified in the notice which called the meeting originally.</p> <ul style="list-style-type: none"> • The only business that may be transacted at a general meeting where the holding of which is postponed is the business specified in the original notice convening the meeting. • Where by the terms of an instrument appointing a proxy or attorney or an appointment of a representative:- <ul style="list-style-type: none"> (i) the appointed person is authorised to attend and vote at a general meeting to be held on or before a specified date; and (ii) the date for holding the meeting is postponed to a date later than the date specified in the instrument of a proxy, power of attorney or appointment of a representative, then, by force of this Clause, that later date is substituted for and applies to the exclusion of the date specified in the instrument of a proxy, power of attorney or appointment of a representative. However, this does not apply if the Member appointing the proxy, attorney or representative gives notice in writing to the Company at the Office or another address (including Electronic Address) specified in the notice of meeting to the contrary not less than twenty-four (24) hours before the time to which the holding of the meeting has been postponed.

Appendix A (cont'd)

Clause	Existing Clause	New Clause
		<ul style="list-style-type: none"> • The non-receipt of notice of cancellation or postponement of a general meeting by or the accidental omission to give notice of cancellation or postponement of a general meeting to a person entitled to receive notice does not invalidate any resolution passed at a postponed meeting or the cancellation or postponement of a meeting. • A Director is entitled to receive notice of and to attend all general meetings and is entitled to speak at those meetings. • If the Directors are required to convene and arrange to hold a general meeting as a result of a request by Members in accordance with Section 311 of the Act, the meeting may be cancelled by the Directors if the Members who requisitioned the meeting withdraw their requests before the date of the meeting.
21.1	<p><u>Business at meetings</u></p> <p>All business that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting shall be deemed special, with the exception of the laying of the audited financial statements and audited group financial statements (if any) of the Company and the reports of the Directors and auditors, the election of Directors in the place of those retiring, the fixing of the Directors' fees and benefits payable, and the appointment of, and the fixing of the remuneration of the auditors.</p>	To delete existing Clause 21.1 in its entirety as it is repeated in Clause 20.8 (New).
21.4	<p><u>Chairman of the general meeting</u></p> <p>The Chairman of the Board, shall preside as Chairman at every general meeting, but if no such Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting, or shall decline to take or shall retire from the chair, the Directors present shall choose one of their number to act as Chairman of such meeting, and if there be no Director chosen who shall be willing to act, the Members present in person or by proxy and entitled to vote shall choose one of the Member present to act as Chairman at such meeting. A proxy shall not be eligible for election as Chairman of the meeting.</p>	<p><u>Chairman of the general meeting</u></p> <p>The Chairman of the Board, or in his absence, a Deputy Chairman (if any) shall preside as Chairman at every general meeting, but if no such Chairman or Deputy Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting, or shall decline to take or shall retire from the chair, the Directors present shall choose one of their number to act as Chairman of such meeting, and if there be no Director chosen who shall be willing to act, the Members present in person or by proxy and entitled to vote shall choose one of the Member present to act as Chairman at such meeting. A proxy shall not be eligible for election as Chairman of the meeting.</p>

Clause	Existing Clause	New Clause
22.11	<p><u>Appointment of proxy and corporate representative</u></p> <ul style="list-style-type: none"> The communication between the Company and its Members relating to meetings and resolutions, the supply of information or documents or otherwise for the purpose of complying with the Act, may be: <ul style="list-style-type: none"> (i) in hard copy; or (ii) by other methods agreed between the Company and Members. Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of a proxy and corporate representative on such terms and subject to such conditions as they consider fit. The appointment of proxy and corporate shall be in accordance with this Constitution. For the purpose of this clause, the Directors may require such reasonable evidence they consider necessary to determine: <ul style="list-style-type: none"> (i) the identity of the Member and the proxy; and (ii) where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment. Without prejudice to this clause, the appointment of a proxy must be received by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein: <ul style="list-style-type: none"> (i) Notice calling the meeting; (ii) Instrument of proxy sent out by the Company in relation to the meeting; or (iii) Website maintained by or on behalf of the Company. An appointment of proxy must be received by the Company pursuant to this clause not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, and in default the instrument of proxy shall not be treated as valid. An appointment of proxy which is not made in accordance with this clause shall be invalid. 	<p><u>Appointment of proxy and corporate representative</u></p> <ul style="list-style-type: none"> The communication between the Company and its Members relating to meetings and resolutions, the supply of information or documents or otherwise for the purpose of complying with the Act, may be: <ul style="list-style-type: none"> (iii) in hard copy; or (iv) by other methods agreed between the Company and Members. Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of a proxy and corporate representative on such terms and subject to such conditions as they consider fit. The appointment of proxy and corporate shall be in accordance with this Constitution. For the purpose of this clause, the Directors may require such reasonable evidence they consider necessary to determine: <ul style="list-style-type: none"> (iii) the identity of the Member and the proxy; and (iv) where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment. Without prejudice to this clause, the appointment of a proxy must be received by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein: <ul style="list-style-type: none"> (iv) Notice calling the meeting; (v) Instrument of proxy sent out by the Company in relation to the meeting; or (vi) Website maintained by or on behalf of the Company. An appointment of proxy which is not made in accordance with this clause shall be invalid.

Appendix A (cont'd)

Clause	Existing Clause	New Clause
22.14	<p><u>Form of proxy</u></p> <p>The instrument appointing a proxy shall be in such form as the Board may from time to time prescribe or approve.</p>	<p><u>Form of proxy</u></p> <p>The instrument appointing a proxy (including the electronic proxy appointment and voting manner) shall, subject always to the applicable laws or other statutes, be in such form as the Board may from time to time prescribe or approve.</p>
22.17	<p><u>Notice of termination of Appointment of proxy</u></p> <p>A Member of the Company is permitted to give the Company notice of termination of a person's authority to act as a proxy not less than 24 hours before the time for holding the meeting. The notice of termination must be in writing and be deposited at the Office or at such other place within Malaysia.</p>	<p><u>Notice of termination of Appointment of proxy</u></p> <p>A Member of the Company is permitted to give the Company notice of termination of a person's authority to act as a proxy not less than twenty-four (24) hours before the time for holding the meeting. The notice of termination must be in writing and be deposited at the Office or at such other place within Malaysia.</p>
23.1	<p><u>Number of Director</u></p> <p>Until otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2) and not more than twelve (12) All the Directors of the Company shall be natural persons who are at least eighteen (18) years old.</p>	<p><u>Number of Director</u></p> <p>Until otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2) and not more than twelve (12) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum number, the remaining Directors or Director may, except in an emergency, act only to fill up such vacancy or vacancies or of summoning a general meeting of the Company. All the Directors of the Company shall be natural persons who are at least eighteen (18) years old.</p>
23.4	<p><u>Senior Director to retire</u></p> <p>The Directors to retire in every year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.</p>	<p><u>Senior Director to retire</u></p> <p>The Directors to retire in every year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment when he has previously vacated office.</p>

Clause	Existing Clause	New Clause
23.5	<p><u>Retainment of Independent Director via a two-tier voting process</u></p> <p>The tenure of an Independent Director (as defined in the Listing Requirements) should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain a Director as an Independent Director beyond nine (9) years, the Board may justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process.</p> <p>Subject to and in accordance with the provisions of the Act and the requirements of the Listing Requirements and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to retain a Director as an Independent Director who has served on the Board beyond nine (9) years subject to the Board's justification and seeking annual shareholders' approval. If the Board continues to retain the Director as an Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:</p> <ul style="list-style-type: none"> • Tier 1: Only the Large Shareholder(s) of the Company votes; and • Tier 2: Shareholders other than Large Shareholders votes. <p>Large Shareholder means a person who:</p> <ul style="list-style-type: none"> • is entitled to exercise, or control the exercise of, not Two-tier voting process less than 33% of the voting shares in the Company; • is the largest shareholder of voting shares in the Company; • has the power to appoint or cause to be appointed a majority of the directors of the Company; or • has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to. 	To delete existing Clause 23.5 in its entirety.

Appendix A (cont'd)

Clause	Existing Clause	New Clause
	<p>The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.</p> <p>The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.</p> <p>However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under the relevant clause in this Constitution) remain in office but shall be designated as a Non-Independent Director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.</p>	



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.

Twenty-Sixth (26th) Annual General Meeting

*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	%

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings	
		No. of Shares	%

as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the 26th Annual General Meeting ("AGM") of the Company to be held virtually from the **Broadcast Venue at Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** on **Friday, 24 June 2022 at 10:30 a.m.** or any adjournment thereof, in respect of *my/our shareholding in the manner indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits of RM350,000 for the period from 1 January 2022 until the next AGM of the Company.		
2.	To re-elect Mr. Chang Chee Ching as Director		
3.	To re-elect Madam Tania Scivetti as Director		
4.	To re-appoint Messrs. Ong & Wong as the Company's Auditors for the ensuing year and to authorize the Directors to fix their remuneration.		
5.	To empower the Board to allot and issue shares		
6.	Special Resolution To approve the proposed amendments to the Company's Constitution and adoption of new Constitution		

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 2022

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 name appear in the record of depositors as at **16 June 2022** 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 hand.

Appointment of Proxy

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote on the same meeting instead of him and that a proxy may but need not be a member of the Company and there should not be no restriction as to the qualification of the proxy.
- Where a member appoints two (2) proxies, the proportion of the 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.
- 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 his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy forms must be initialled.
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is sign on 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. 1971101000970 (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 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 under the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

* Delete where applicable

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
Tel: (03) 2783 9299 Fax: (03) 2783 9222

1st fold here



CN ASIA CORPORATION BHD

((Registration No.: 199601027090 (399442-A))

(Incorporated In Malaysia)

TWENTY-SIXTH ANNUAL GENERAL MEETING ("26TH AGM") OF CN ASIA CORPORATION BHD ("CN ASIA" or "THE COMPANY")

Date : Friday, 24 June 2022

Time : 10.30 a.m.

Broadcast Venue : Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Online Meeting Platform : TIIH Online website at <https://tiih.online> (Domain registration number with MYNIC: D1A282781)

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE ("COVID-19")

- The Company will conduct the 26th AGM on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn. Bhd.'s ("Tricor") **TIIH Online** website at <https://tiih.online>.
- The broadcast venue of the 26th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting.
- We **strongly encourage** you to attend the 26th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 26th AGM.
- Shareholder(s)/proxy(ies)/corporate representative(s) **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the broadcast venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

- The RPV facilities are available on Tricor's **TIIH Online** website at <https://tiih.online>.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 26th AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 26th AGM using the RPV facilities:

	Procedure	Action
BEFORE THE DAY OF 26TH AGM		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance If you are already a user with TIIH Online, you are not required to register again.
(b)	Submit your request to attend 26th AGM remotely	<ul style="list-style-type: none"> Registration is open from 10.00 a.m. Thursday, 29 April 2022 until the day of 26th AGM on Friday, 24 June 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 26th AGM to ascertain their eligibility to participate the 26th AGM using the RPV. Login with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) CN ASIA 26TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 16 June 2022, the system will send you an e-mail after 23 June 2022 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
ON THE DAY OF THE 26TH AGM (24 JUNE 2022)		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 26th AGM at any time from 9.30 a.m. i.e. One (1) hour before the commencement of meeting at 10.30 a.m. on Friday, 24 June 2022.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) CN ASIA 26TH AGM” to engage in the proceedings of the AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 26th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.30 a.m. on Friday, 24 June 2022 until a time when the Chairman announces the completion of the voting session of the 26th AGM. Select the corporate event: “(REMOTE VOTING) CN ASIA 26TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 26th AGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

NO LUNCH PACK, DOOR GIFT OR FOOD VOUCHER

There will be **no distribution** of lunch packs, door gifts or food vouchers during the 26th AGM.

GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

- Only a depositor whose name appears on the ROD as at **16 June 2022** shall be entitled to attend, speak and vote at the 26th AGM or appoint proxies to attend and/or vote on his/her behalf.

PROXY

- The 26th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 24 June 2022, 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 **TIIH Online** website at <https://tiih.online> no later than **Thursday, 23 June 2022 at 10.30 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.
- You may submit your Proxy Form to the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"), 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 twenty-four (24) hours before the time appointed for holding the 26th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

Poll Voting

- The Voting at the 26th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and Asia Securities Sdn. Berhad as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 26th AGM at 10.30 a.m but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" for guidance on how to vote remotely via TIIH Online.
- Upon completion of the voting session for the 26th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

Annual Report 2021

- The Company's Annual Report 2021 is available at the Company's website at <https://www.cnasia.com/investor-relations/annual-reports/> and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
i. Steps for Individual Shareholders		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "CN ASIA 26TH AGM – SUBMISSION OF PROXY FORM". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(s) appointment. Print the proxy form for your record.
ii. Steps for Corporation or Institutional Shareholders		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder 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.
(b)	Proceed with submission of proxy form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: "CN ASIA 26TH AGM – SUBMISSION OF PROXY FORM". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate exercise name: "CN ASIA 26TH AGM – SUBMISSION OF PROXY FORM". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

The Board recognises that the 26th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 26th AGM, shareholders may in advance, before the 26th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than **Thursday, 23 June 2022 at 10.30 a.m.**. The Board of Directors will endeavor to address the questions received at the 26th AGM.

RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the 26th AGM is allowed.

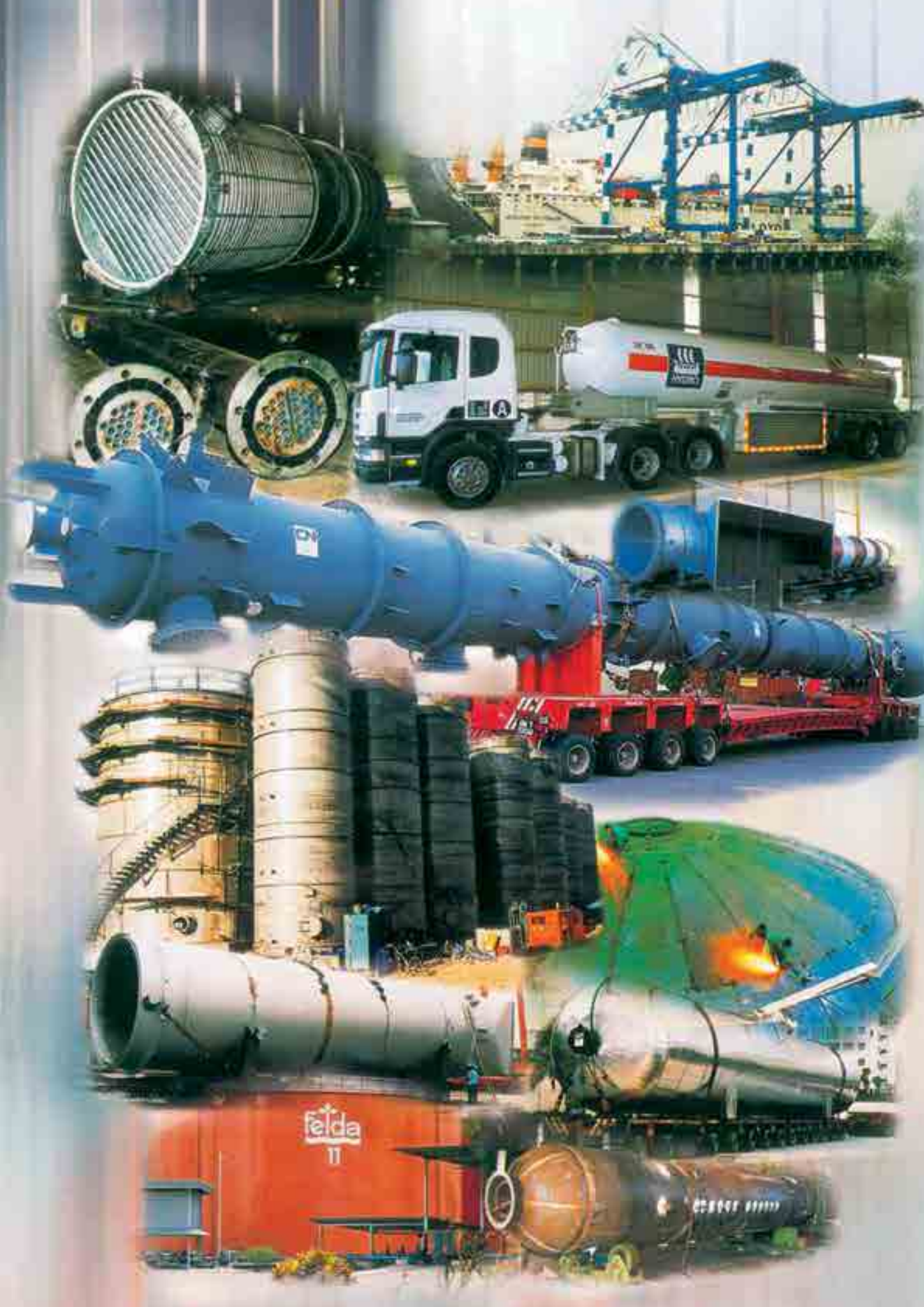
ENQUIRY

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
Contact Persons	: Ms. Wong Pang Yi : +603-2783 9242 / Email : Pang.Yi.Wong@my.tricorglobal.com
	: Mr. Jake Too : +603-2783 9285 / Email : Chee.Onn.Too@my.tricorglobal.com

This page has been left blank intentionally



cnasia.com

CN ASIA CORPORATION BHD

(199601027090 (399442-A))
(Incorporated In Malaysia)

Lot 7907, Batu 11, Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
T: 603-8942 6888
F: 603-8942 3365
E: enquiry@cnasia.com