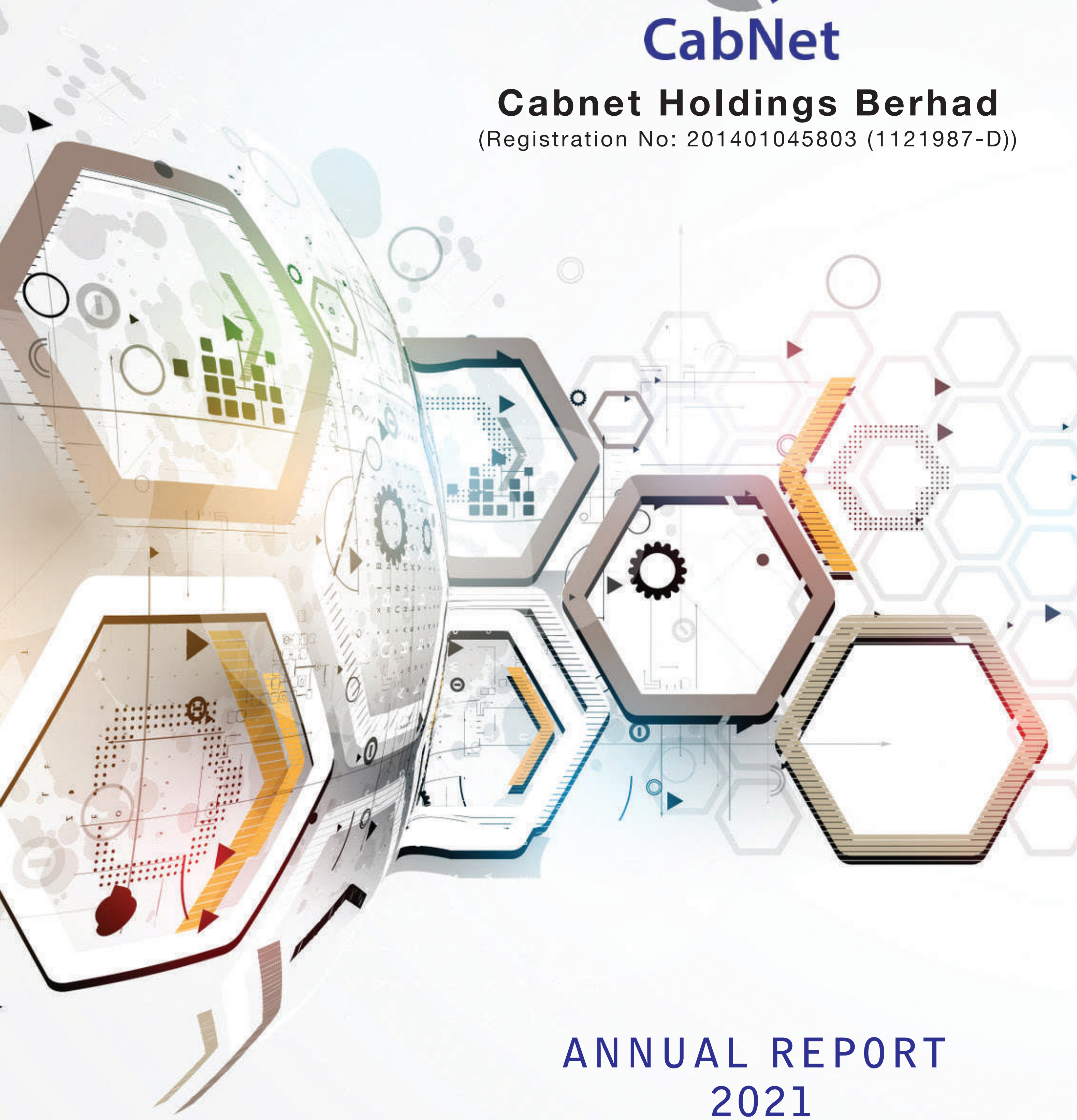
CabNet

Cabnet Holdings Berhad

(Registration No: 201401045803 (1121987-D))



ANNUAL REPORT 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Tan Kok Hong @ Tan Yi	*Chairman, Independent Non-Executive Director*
Mr. Tay Hong Sing	*Chief Executive Officer, Executive Director*
Dato' Jeffrey Lai Jiun Jye	*Deputy Chief Executive Officer, Executive Director*
Mr. Yong Thiam Yuen	*Chief Operating Officer, Executive Director*
Mr. Abdul Mutalib Bin Idris	*Senior Independent Non-Executive Director*
Mr. Vincent Wong Soon Choy	*Independent Non-Executive Director*
Ms. Meachery Jo-anne Joseph	*Independent Non-Executive Director*
Mr. Tjong Chia Huie	*Non-Independent Non-Executive Director*

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Vincent Wong Soon Choy
Chairman
Mr. Abdul Mutalib Bin Idris
Member
Ms. Meachery Jo-anne Joseph
Member

NOMINATION COMMITTEE

Mr. Abdul Mutalib Bin Idris
Chairman
Ms. Meachery Jo-anne Joseph
Member
Mr. Vincent Wong Soon Choy
Member

REMUNERATION COMMITTEE

Ms. Meachery Jo-anne Joseph
Chairman
Mr. Abdul Mutalib Bin Idris
Member
Mr. Vincent Wong Soon Choy
Member

PRINCIPAL PLACE OF BUSINESS

No.18 (PLO 184) Jalan Angkasa Mas 6,
Kawasan Perindustrian Tebrau II,
81100 Johor Bahru, Johor
Tel : +607-353 9008
Fax : +607-353 0146
Website : www.cabnet.asia
Email : info@cabnet.asia

COMPANY SECRETARIES

Mr. Lee Wee Hee (MAICSA 0773340)
Practicing Certificate No. 201908004010

Ms. Joy Lim Xie Ru Yi (MAICSA 7065780)
Practicing Certificate No. 201908004060

Ms. Irene Juay Yee Luan (MAICSA 7057249)
Practicing Certificate No. 202008001193

REGISTERED OFFICE

Suite 5.11 & 5.12, 5th floor, Menara TJB,
No. 9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru, Johor, Malaysia.
Tel : +607-224 2823
Fax : +607-223 0229

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.
Tel : +603-2783 9299
Fax : +603-2783 9222
Website : www.tricorglobal.com
Email: is.enquiry@my.tricorglobal.com

AUDITORS

Ecovis Malaysia PLT
201404001750 (LLP0003185-LCA) & AF 001825
No. 54, Jalan Kempas Utama 2/2,
Taman Kempas Utama,
81200 Johor Bahru, Johor
Tel : +607-562 9000
Fax : +607-562 9090

PRINCIPAL BANKERS

Public Bank Berhad
AmBank (M) Berhad
Alliance Bank Malaysia Berhad

SUBSIDIARY COMPANIES

Cabnet Systems (M) Sdn Bhd
Registration No. 199501025860 (355065-V)
Cee M&E Engineering Sdn Bhd
Registration No. 199901018616 (493516-P)
ITWin Technology Sdn Bhd
Registration No. 199801002273 (458399-K)
Amplogix Technology Sdn Bhd
Registration No. 201801019811 (1281830-T)
Cabnet Globe Pte Ltd
Unique Entity No. 202035376D

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Code : 0191
Stock Name : CABNET

GROUP FINANCIAL HIGHLIGHTS

	2017	2018	2019	2020	2021
GROUP FINANCIAL RESULTS (RM'000)					
Revenue	52,336	47,183	68,880	42,168	67,907
Profit/(Loss) before tax	6,530	6,252	3,840	(4,761)	1,959
Profit/(Loss) after tax	5,237	4,680	2,423	(4,511)	1,209
Net profit/(loss) attributable to owners of the Company	5,237	4,721	2,422	(4,512)	1,212
GROUP FINANCIAL POSITION (RM'000)					
Total assets	55,593	57,840	75,528	65,572	96,763
Total cash, bank balances, fixed deposits with licensed banks and short-term investment	14,606	12,441	12,979	8,277	8,942
Total borrowings	2,594	2,493	9,602	9,296	16,260
Share capital	22,660	27,679[(a)]	27,679	27,679	27,679
Equity attributable to owners of the Company	43,356	47,037	48,011	43,499	44,669
KEY FINANCIAL STATISTICS/ INDICATORS					
Basic earnings/(loss) per share (sen)	4.30	3.05	1.35	(2.52)	0.68
Net dividend per share (sen)	1.30	0.80	-	-	-
Net assets per share attributable to ordinary holders of the Company (RM)	0.33	0.26	0.27	0.24	0.25
Return on shareholders' equity (%)	12.08	10.04	5.04	(10.37)	2.71
Gearing ratio (times)	0.06	0.05	0.20	0.21	0.36
Share price					
- High (RM)	0.770	0.680	0.325	0.360	0.375
- Low (RM)	0.585	0.220[(b)]	0.180	0.110	0.230

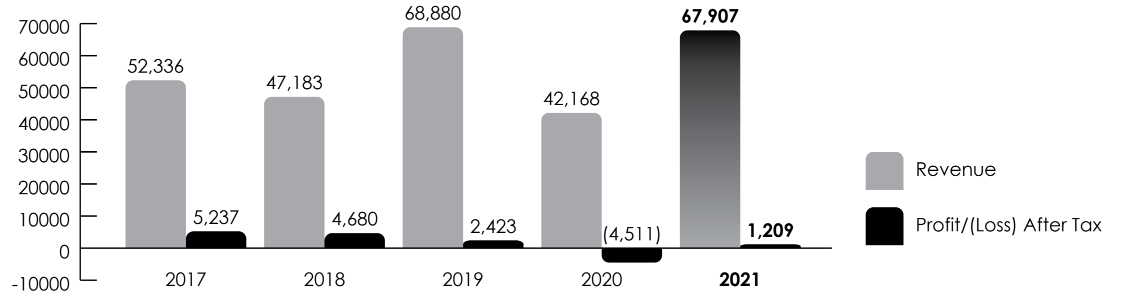
Notes:

(a) The credits standing in the share premium account were transferred to the share capital account pursuant to the Companies Act 2016 ("Act") which came into effect on 31 January 2017.

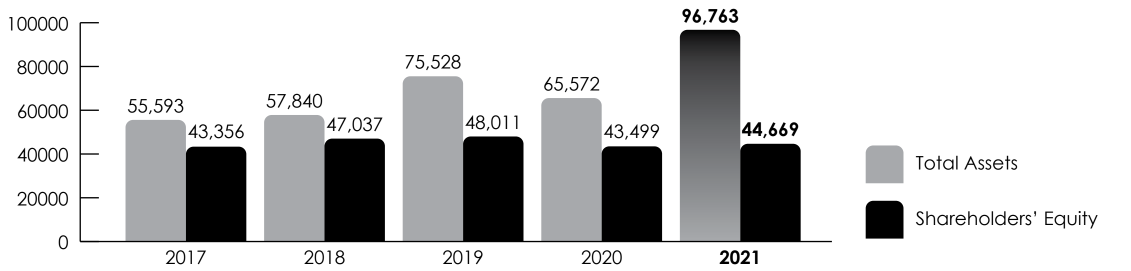
(b) After taking into consideration the Bonus Issue of 48,750,000 new ordinary shares in our Company ("Shares") ("Bonus Shares") which were listed on the ACE Market of Bursa Securities on 29 June 2018.

GROUP FINANCIAL HIGHLIGHTS (CONT'D)

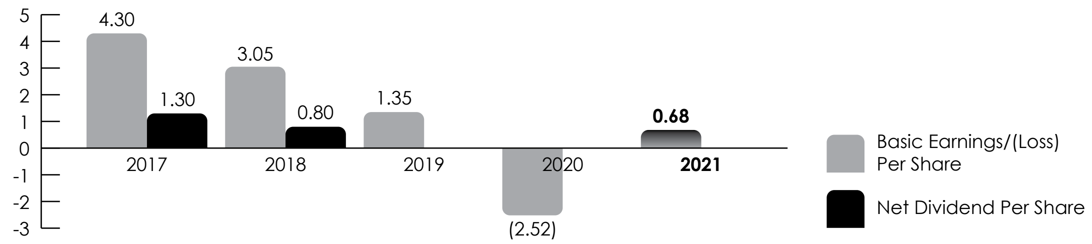
REVENUE AND PROFIT/(LOSS) AFTER TAX (RM'000)



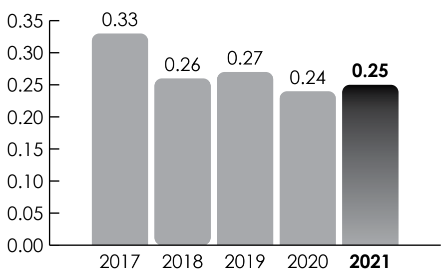
TOTAL ASSETS AND SHAREHOLDERS' EQUITY (RM'000)



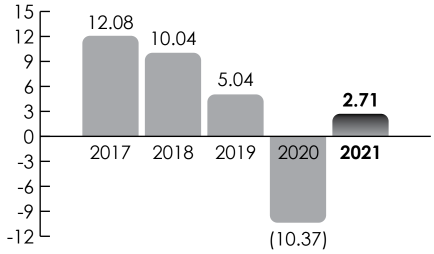
BASIC EARNINGS/(LOSS) PER SHARE AND NET DIVIDEND PER SHARE (Sen)



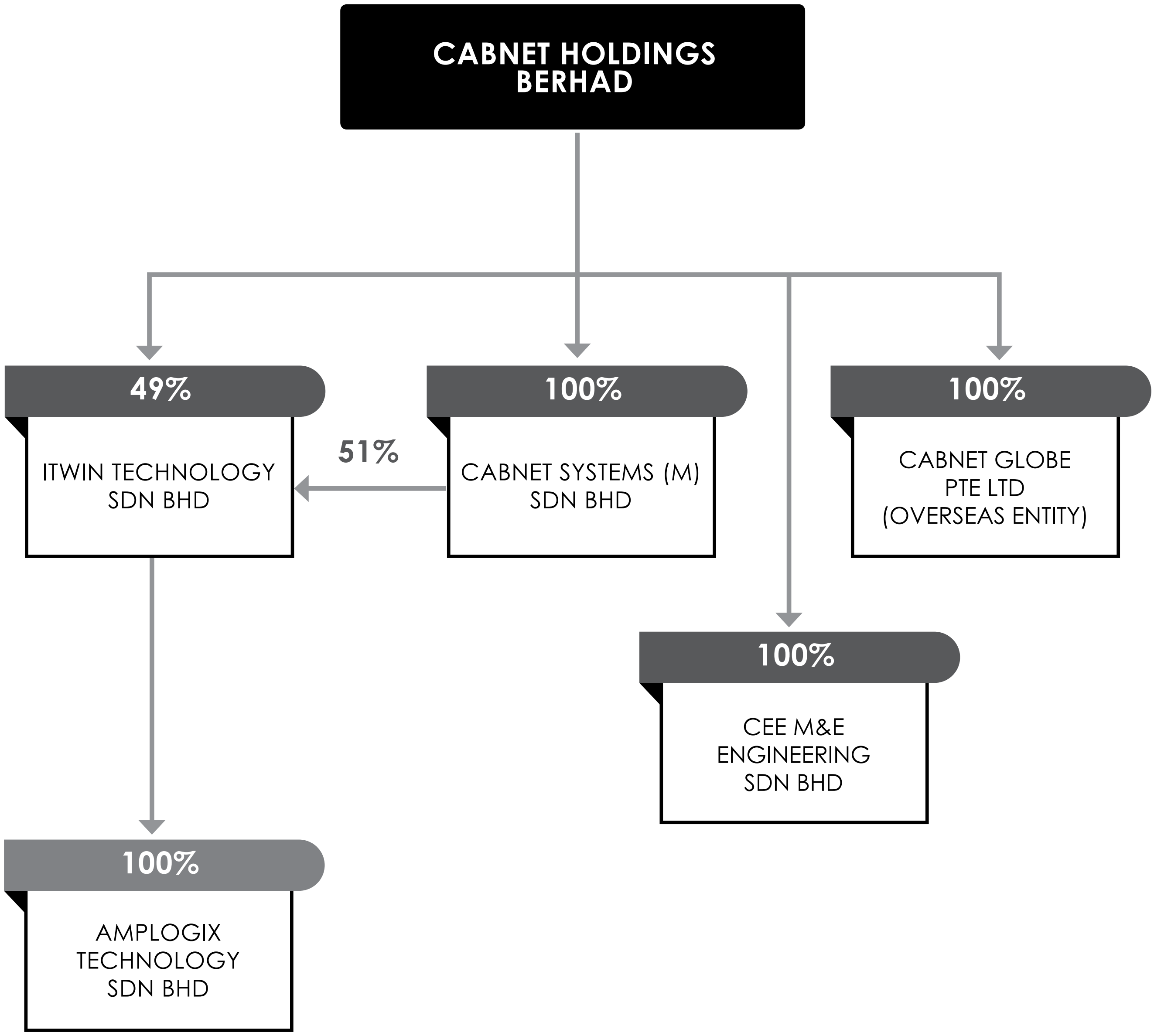
NET ASSETS PER SHARE
RM



RETURN ON SHAREHOLDERS' EQUITY
%



CORPORATE STRUCTURE



PROFILE OF DIRECTORS

DATUK TAN KOK HONG @ TAN YI
Nationality: Malaysian
Gender: Male
Aged: 70

Datuk Tan Kok Hong @ Tan Yi is our Independent Non-Executive Chairman. He was appointed to our Board on 14 September 2015.

He obtained his Bachelor of Law (Honours) degree from the University of Buckingham, United Kingdom in 1983 and his Barrister-At-Law degree from the Inns of Court School of Law, Council for the Legal Education and subsequently was called to Lincoln's Inn in1984.

He started his career in 1976 with the Royal Malaysian Police and later left the Royal Malaysia Police in 1985. Subsequently, he commenced his legal practice in a legal firm in 1985 and left in 2004. In 2004, he was appointed as the Johor State Executive Councillor as well as the Chairman of the Johor State Committee for International Trade and Industry, Energy, Water and Communications, a post that he held until May 2013. He had been elected as a Johor State Assemblyman representing the Bekok constituency since 1995 until 2013.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He directly holds 343,750 ordinary shares in the Company.

Datuk Tan attended four (4) out of five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

TAY HONG SING
Nationality: Malaysian
Gender: Male
Aged: 58

Tay Hong Sing is Executive Director/ Chief Executive Officer of our Group. He was appointed to the Board on 14 September 2015.

In 1988, he graduated with a Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College, Malaysia.

He began his career in 1988 as an Industrial Engineer to design the production flow process which entails the customisation of production process and design of the fixture and tools for the production until he left in 1991. Subsequently, he joined another company in 1991 as a technician and was later promoted to Technical Sales Engineer in 1992 to provide advice on the design of server based on customers' specified requirements. During his employment, he gained exposure in structured cabling whereby he was involved in providing network solution to customers to integrate the server with structured cabling and switches. Subsequent to his departure in 1995, he founded Cabnet Systems (M) Sdn Bhd with his co-founders in 1995. As the Executive Director / Chief Executive Officer of our Group, he is responsible in running the day-to-day operations of the Group as well as involved in the business planning of our Group.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He directly holds 17,448,750 ordinary shares in the Company.

Mr Tay attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

DATO' JEFFREY LAI JIUN JYE
Nationality: Malaysian
Gender: Male
Aged: 42

Dato' Jeffrey Lai Jiun Jye is our Executive Director/ Deputy Chief Executive Officer. He was appointed to the Board on 3 September 2019.

He received his education primarily from Singapore and New Zealand. Upon receiving his Bachelor of Commerce and Management from Lincoln University, New Zealand in year 2000, he assumed the position as the Director in JB Paper Carton Sdn Bhd and JBP Packaging and Hardware Enterprise.

From 2014 onwards, Dato' Jeffrey Lai had been appointed as the Executive Director of Kuopacific Malaysia Sdn Bhd. Kuopacific Malaysia Sdn Bhd has a diversified portfolio which includes property investment and development, retail, medical, F&B, design and build and education businesses. He is also Director and Chief Executive Officer of Paragon Private and International School located in Johor Bahru, Malaysia. In 2018, Paragon Private and International School was awarded for the Best Performance in newly set-up school by Lang International Corporate Titan Awards.

He is also actively involved with the Johor Bahru Chinese Chamber of Commerce and Industry ("JBCCCI") in which he has held various official positions. Currently he is the JBCCCI 3rd Vice President and Chairman of Youth Committee, Johor Associated Chinese Chamber of Commerce and Industry ("JACCCI") Chairman of Youth Entrepreneur Section, and Vice Chairman of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") Young Entrepreneurs Committee.

He is currently a Non-Independent Non-Executive Director and a member of the Remuneration Committee and Nomination Committee of Paragon Globe Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any directors and/ or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

Dato' Jeffrey attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

YONG THIAM YUEN
Nationality: Malaysian
Gender: Male
Aged: 47

Yong Thiam Yuen is the Executive Director/ Chief Operating Officer of our Group. He was appointed to the Board on 30 November 2017.

In 1997, he graduated from The Nottingham Trent University, United Kingdom with a Bachelor of Engineering (Honours) in Electrical and Electronic Engineering.

He joined Cabnet Systems (M) Sdn Bhd in 2015 as Chief Operating Officer. He later assumed his present role as Group Chief Operating Officer where he is responsible to drive business growth for our Group. Prior to that, he was working for more than 19 years in both local and multinational companies. His experiences in engineering field of building technologies include a variety of management roles and business unit leadership assignments in Sales, Operations and Project.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/ or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He directly holds 742,275 ordinary shares in the Company.

Mr. Yong attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

ABDUL MUTALIB BIN IDRIS
Nationality: Malaysian
Gender: Male
Aged: 62

Abdul Mutalib Bin Idris was appointed to our Board as Independent Non-Executive Director on 20 March 2018 and subsequently identified by the Board as Senior Independent Non-Executive Director on 25 February 2019. He is the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee.

He obtained his Bachelor of Science in Business Administration (Econ-Fin) from University of Tennessee, United States of America in 1987 and Master in Business Administration (Purchasing & Materials Management) from Arizona State University, United States of America in 1992.

He joined UMW Oil & Gas Corporation Berhad in 2012 as Head of Oilfield Services Division and was later re-designated as Head of Corporate Transformation Services in 2016. He left the company in February 2018. Prior to UMW Oil & Gas Corporation Berhad, he had more than 26 years of experience covering procurement, logistics, business developments, corporate management and corporate transformation within the Malaysian oil & gas industry.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

VINCENT WONG SOON CHOY
Nationality: Malaysian
Gender: Male
Aged: 53

Vincent Wong Soon Choy is our Independent Non-Executive Director. He was appointed to our Board on 9 April 2019. He is the Chairman of the Audit and Risk Management Committee and a member of Nomination Committee and Remuneration Committee.

He graduated from Flinders University of South Australia, Adelaide, Australia with a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit in year 1994. He is also a member of Malaysia Institute of Accountants (MIA) and a member of Certified Practising Accountants (CPA) Australia.

He has more than 27 years of working experience with exposure to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring garnered from his previous employment positions held including as Head of Operation for a leading stock broking company, Group Accountant for a public listed company, Group Financial Controller for a property development group and auditing experience with a big four audit firm.

Currently, he does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

MEACHERY JO-ANNE JOSEPH
Nationality: Malaysian
Gender: Female
Aged: 52

Meachery Jo-Anne Joseph is our Independent Non-Executive Director. She was appointed to our Board on 20 March 2018. She is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee.

She obtained her Bachelor of Law (Honours) degree from the University of London, United Kingdom in 1993 and her Certificate in Legal Practice (CLP) in 1995.

She is the partner of a legal firm located in Johor Bahru. Prior to the current firm, she was working for more than 9 years in legal firms. Her vast experience in the last 25 years of continuous legal practice include litigation (civil and commercial), corporate advisory, shipping and maritime litigation and conveyancing.

She does not hold any directorship in any other public company and other listed corporation.

She has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. She has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She does not hold any shares in the Company.

She attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2021.

TJONG CHIA HUIE
Nationality: Indonesia
Gender: Male
Aged: 42

Tjong Chia Huie is our Non-Independent Non-Executive Director. He was appointed to our Board on 26 June 2020.

In year 2003, he obtained his degree of Bachelor of Business from University of Technology, Sydney, Australia.

He is an experienced business executive and is currently a Director/ President Director/ Commissioner/ President Commissioner of various private companies incorporated in Indonesia, involved in a wide range of business such as provision of car rental services to private and government agencies, cement and building materials distributor, trucking and transportation service, warehousing, pre-school education and etc.

He is responsible and involved in the day-to-day management and running of the business in Indonesia with particular emphasis on sales and business development as well as the well-being and growth of these businesses.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meeting held during the financial year ended 31 December 2021.

PROFILE OF KEY SENIOR MANAGEMENT

TAN YING MENG
Nationality: Malaysian
Gender: Male
Aged: 52

Tan Ying Meng is the Chief Technology Officer of our Group since September 2015 and also the Executive Director of one of the subsidiary company, ITWIN Technology Sdn Bhd since 2006.

In 1993, he graduated from National Taiwan University, Taiwan with a Bachelor of Science in Electrical Engineering. He has more than 26 years of working experiences in areas of system virtualisation, enterprise storage, network security, Local Area Network (LAN)/ Wide Area Network (WAN) connectivity and messaging systems.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

SEOW ZHEN YOU
Nationality: Malaysian
Gender: Male
Aged: 31

Seow Zhen You is the Group Finance Manager of our Group since 1 September 2019.

He obtained his Bachelor of Accounting (Honours) from Sheffield Hallam University, England and Advanced Diploma in Commerce of Financial Accounting from Tunku Abdul Rahman University College in 2013. He is a member of Malaysian Institute of Accountants (MIA) and The Association of Chartered Certified Accountants (ACCA) Malaysia.

He started his career as an audit assistant with a public accounting firm in Johor Bahru since January 2014 and was promoted as senior audit assistant in October 2016. He has over 3 years of relevant experience in audit matters and served clients of various type of companies including public listed companies. In July 2017, Mr Seow joined a subsidiary company of a public company listed in Main Market of Bursa Malaysia as an assistant accountant before he joined the Company as the Group Finance Manager.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

KOH THAIN LIN
Nationality: Malaysian
Gender: Male
Aged: 48

Koh Thain Lin is the Head of Business Development of our Group since September 2015 and an Executive Director of one of the subsidiary companies, ITWIN Technology Sdn Bhd since 2008. Mr. Koh was also appointed as Executive Director of subsidiary company, Amplogix Technology Sdn Bhd on 31 May 2018.

He obtained his Diploma in Computer Studies from Cambridge College, United Kingdom and National Computing Center, United Kingdom in 1994 and Bachelor of Computer Science from the University of Portsmouth, United Kingdom via a distant learning programme in 2007. He has more than 22 years of working experience in areas of sales and marketing, management of network infrastructure and project management.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SIM YIAN FEI
Nationality: Malaysian
Gender: Male
Aged: 49

Sim Yian Fei is the Head of Extra Low Voltage ("ELV") Systems of our Group. He joined Cabnet Systems (M) Sdn Bhd in 2004 as Assistant Manager and rose through the ranks before being appointed as General Manager in 2014 heading the ELV solutions department (now known as ELV systems division). He later assumed the position of the Head of ELV Systems of our Group in September 2015. He was appointed as Executive Director of one of the subsidiary companies, Cabnet Systems (M) Sdn Bhd on 1 February 2019.

He obtained his Diploma in Computer Science from Southern College, Malaysia in 1995. He has more than 24 years of working experience in areas of computer, hardware and server related matters, sales and marketing, project management and ELV solutions systems.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KONG TZE SENN
Nationality: Malaysian
Gender: Male
Aged: 51

Kong Tze Senn is the Head of Structured Cabling Works of our Group. He joined Cabnet Systems (M) Sdn Bhd in 2003 as Project Executive and rose through the ranks before being appointed as the Head of Information and Communication Technology ("ICT") Solutions (now known as structured cabling division) in 2014. He later assumed the position of the Head of Structured Cabling Works of our Group in September 2015.

In 1991, he obtained his certification for proficiency in Book Keeping and Account, Business Statistics and Advanced Business Calculations from the London Chamber of Commerce and Industry. He has more than 28 years of experience in areas of sales and marketing, ICT hardware and software, structured cabling works and project management.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

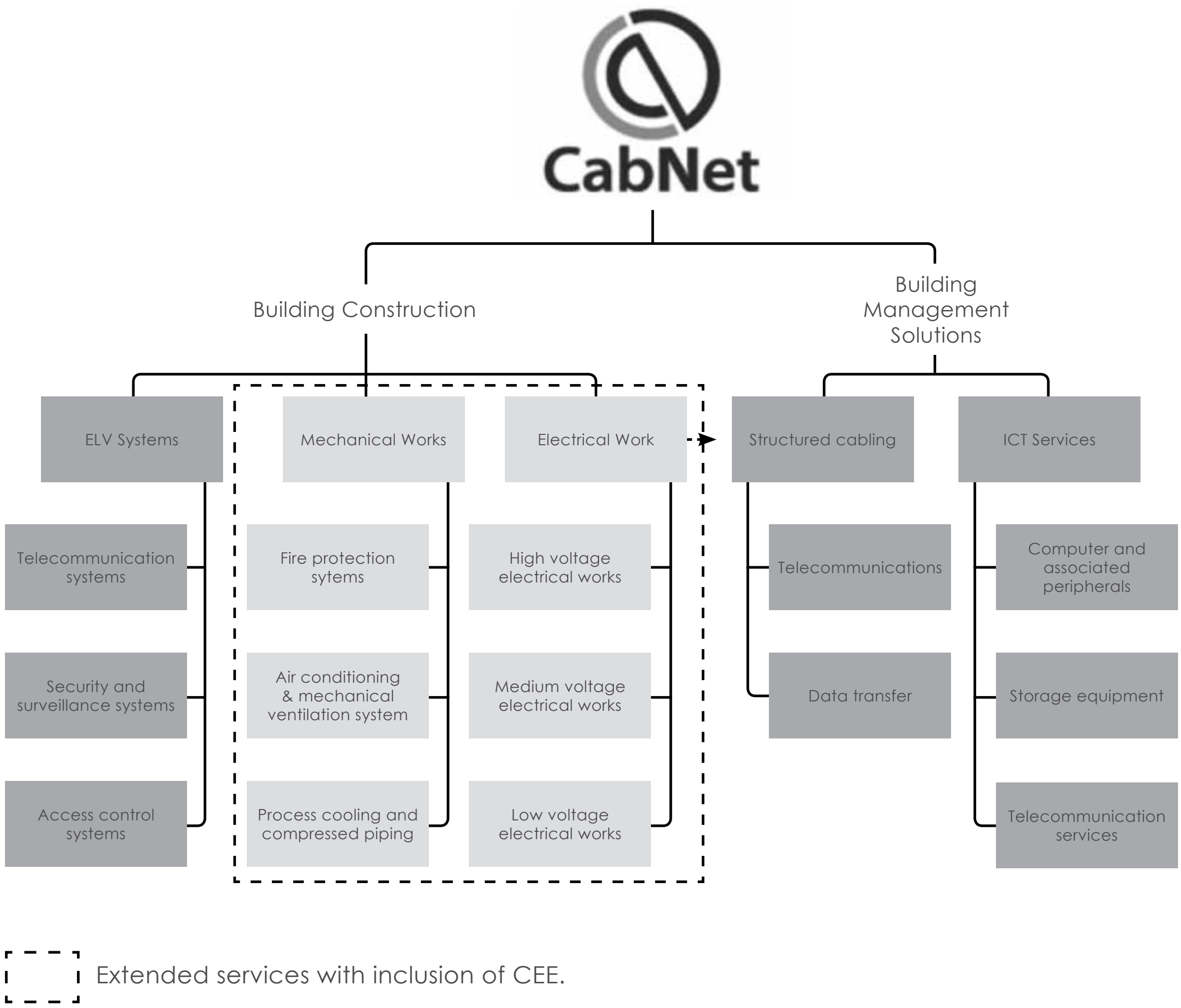
1.1 Business and Operations

During the current financial year under review, Cabnet Holdings Berhad and its subsidiaries ("Group" or "the Group") welcomed a new subsidiary, namely CEE M&E Engineering Sdn. Bhd. ("CEE"). The acquisition is part of the Group's strategic plan to extend its existing operations and services to include mechanical and electrical engineering services. With the synergy of CEE business operation, the Group would be able to offer its customer greater value proposition as a one stop single provider as it would be able to offer mechanical engineering and electrical engineering services on top of the existing ELV system and building management solutions.

Apart from the acquisition of CEE, the Group had undertaken a restructuring of its equity interest in Amplogix Technology Sdn. Bhd. ("AMPLOGIX") acquiring the remaining 49% equity interest from non-controlling interest. Following the restructuring, AMPLOGIX became a wholly owned subsidiary of the Group.

As at the end of financial year under review, the Group consist of 5 wholly owned subsidiaries where 4 subsidiaries incorporated locally at Malaysia and 1 subsidiary incorporated overseas at Singapore.

With the inclusion of CEE, currently the Group is principally involved in the provision of mechanical works, electrical works, Extra Low Voltage ("ELV") system, structured cabling works, as well as information and communication technologies ("ICT") services. The Group business activities outline as chart below:



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

1.2. Objectives and Strategies

The Group remained focused to expand its portfolio in its core business as well as expand into other market segment. The Group believe that the strategy of expand its services to include mechanical and electrical engineering services and combine with existing technical expertise and services into a single channel will provide its customer with greater value proposition in term of cost efficiency control and monitoring during project execution. On the other hand, the Group also benefit from leveraging on each other's resources as not to duplicate roles while performing the execution or delivery of the project thus improving profitability.

Apart from the above, the Group also be focusing on its current operations to improve its overall profitability. As part of strategies on cost control, the Group continues implement the use of outsource subcontractor for installation work in order to mitigate risk of increased labour cost resulting by project disruption and delay. In addition, the Group are sourcing for alternate supply chain to improve overall delivery lead time and mitigate the risk of increased commodity price.

Notwithstanding to the above, the Group initiates the plan of implementing ERP system in one of its subsidiaries with the objective to provide real time information to management team for better decision making and improve its internal control over project management and cost spending.

2. REVIEW OF FINANCIAL RESULTS

GROUP FINANCIAL RESULTS	FYE2021 RM'000	FYE2020 RM'000
Revenue	67,907	42,168
(Loss)/Profit before tax ("(LBT)/PBT")	1,959	(4,761)
Income tax income/(expense)	(750)	250
(Loss)/Profit after tax	1,209	(4,511)
Net (loss)/profit attributable to owner of the Company	1,212	(4,512)
Basic (loss)earnings per share (sen)	0.68	(2.52)

For the financial year under review, the Group's revenue has increased to RM67.91 million or an increase of 61.04% as compared to RM42.17 million for financial year ended 31 December ("FYE") 2020. Breakdown of the revenue in FYE2020 and FYE2021 are as below:-

	FYE2021	FYE2020	Variance	
	RM'000	RM'000	RM'000	%
Construction contracts	45,731	18,144	27,587	152.04
Sales of goods and services	22,176	24,024	(1,848)	(7.69)
Total	67,907	42,168	25,739	61.04

The increase of current financial year revenue was mainly due to increase of revenue from construction contracts. The increase was contributed by the acquisition of CEE as well as resumed of construction contracts progress which were disrupted due to pandemic and imposition of Movement Control Order ("MCO") in FYE2020.

Revenue from sales of goods and services however decreased to RM22.18 million for FYE2021 as compared to RM24.02 million for FYE2020 mainly due to the disruption of supply chain which were affected by global chip shortage.

The Group recorded a PBT of RM1.96 million for FYE2021 as compared to LBT of RM4.76 million for FYE2020 principally due to higher revenue and gross profit achieved in FYE2021. In addition, the Group had recovered a material long overdue debt and reversed the impairment loss provision provided in preceding year during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

GROUP FINANCIAL RESULTS (RM'000)	FYE2021	FYE2020
Total assets	96,763	65,572
Total cash, bank balances, fixed deposits with licensed banks and short-term investment	8,942	8,277
Gearing ratio (times)	0.36	0.21
Equity attributable to the owners of the Company	44,669	43,499
Net assets per share attributable to ordinary holders of the Company (RM)	0.25	0.24

The Total Assets of the Group increased by RM31.19 million in FYE2021 mainly due to the inclusion of CEE and Goodwill arising from the acquisition. On the other hand, total liabilities of the Group have increased to RM52.09 million as at the end of FYE2021 as compared to RM22.01 million as at the end of FYE2020 which were also mainly due to inclusion of CEE and deferred consideration arising from the acquisition.

As at the end of FYE2021, the cash and cash equivalents of the Group stands at RM8.94 million, with RM4.06 million in fixed deposits pledged to financial institutions, RM0.53 million in short-term investments and RM4.35 million in cash and bank balances.

The borrowings from financial institutions of the Group have increased by RM6.96 million to RM16.26 million as at FYE2021 mainly due to additional borrowings to finance repayments to trade payables as well as borrowings inherit from CEE due to acquisition. As result of additional borrowings, the Group's debt-to-equity ratio stands at 0.36 times as at the end of FYE2021 compared to 0.21 times as at the end of FYE2020. The Group will continue to exercise prudence in its financial management as part of our strategic objectives of building and maintaining a strong financial position.

The net assets per share attributable to equity holders as at FYE2021 had slightly increase to RM0.25 from RM0.24 in FYE2020, which was due to profit recorded in FYE2021.

3. REVIEW OF OPERATING ACTIVITIES

The Group's reported PBIT (profit before interest and taxation) of RM2.54 million as compared to LBIT (loss before interest and taxation) of RM4.30 million in FYE2020. The PBIT in FYE2021 was on the back of the higher revenue and gross profit margin.

The Group performance in term of projects execution had recovered progressively from the impact of COVID-19 and MCO along the roll out of Government's vaccination program and reopened of market activities despite the market remain challenging in FYE2021. This has been proven by the increased of the Group's revenue from construction contracts in FYE2021.

Notwithstanding to the above, the Group's revenue from sales of goods and service was affected by the supply chain disruption wherein ICT hardware delivery lead time had increased tremendously during the financial year because of the global chip shortage crisis. The crisis was resulted by the combination of surging demand for consumer products that contain chips and pandemic-related disruptions in production.

As part of the Group's strategic to expand its services to customer, the Group is now offering mechanical and electrical engineering services through the acquisition of CEE. Subsequent to completion of CEE acquisition, the Group had secured a contract worth about RM22.64 million being appointed as the works package contractor for the electrical work package.

In overall, the Group had successfully secured several contracts total amounting to approximately RM36 million during the financial year under review, among which include:

- Appointed as the Works Package Contractor for the electrical work package for a factory located at Kulim, Kedah
- Supply, delivery, installation, testing and commissioning of ELV Works for the proposed construction of industrial buildings located at free zone of Senai Airport City, Mukim Senai, District of Kulai, Johor
- Design, supply, delivery, installation, testing, commissioning and maintenance of ICT structured cabling system, data centre and IBC Trunking for a hospital extension work located at Johor Bahru, Johor
- Installation, testing and commissioning of lenel door access for a factory building located at Melaka.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4. ANTICIPATED OR KNOWN RISKS

Details of the anticipated or known risk are disclosed and set out in Statement of Risk Management and Internal Control is set out in pages 32 to 38 of this Annual Report.

5. DIVIDENDS

The Group had adopted a Board's Dividend Policy to recommend and distribute a dividend of at least 30% of the annual profit after tax attributable to shareholders. This is to allow the shareholders to participate in our Group's profits.

After due consideration, the Board do not recommend the payment of dividend for FYE2021 in view of the capital payout for acquisition of CEE as well as the need to reserve necessary working capital to preserve Group's operation.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors, such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, among others, the following factors when recommending dividends:-

i) the availability of adequate distributable reserves and cash flow;
ii) operating cash flow requirements and financing commitments;
iii) anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
iv) any material impact of tax laws and other regulatory requirements;
v) the prior approval from some bankers, if any; and
vi) such other factors considered and deemed relevant by the Board.

The Board's Dividend Policy adopted merely reflects our Group's present intention and should not be viewed or construed as a legally binding statement in respect of our Group's future dividends which is subject to modification at the discretion of the Board.

6. FUTURE PROSPECTS

In the coming new financial year, the Board anticipates that the business operating conditions will remain challenging in view of the economic and political uncertainty as well as recent spike of COVID-19 infection rate in Malaysia. Nevertheless, the Group is keeping a positive view on our prospects, in view of the successful nationwide vaccination program led to the Government allows more market activities, trend of increasing foreign investment in Malaysia and current strong order book on hand which will provide the foundation to our short-term earnings visibility.

The Group believes that CEE joining as a new member to the Group shall provide new energy to boost our performance and prospects. The Group will continue its effort actively looking for viable strategic investments to create a sustainable growth and create value to our valued shareholders. The strategies include diversification to a different sector of the economy or investing in new technology innovation based on market trends to drive profitability.

7. APPRECIATION

On behalf of the Group, we would like to take this opportunity to express our sincere appreciation to all valued shareholders, customers, vendors, bankers, business associates and regulatory authorities for their continued support and trust in us. We also wish to express our gratitude to the management team and employee for their endurance during the difficult and challenging period and continued dedication to the Group.

This statement was approved by the Board on 1 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Cabnet Holdings Berhad ("Cabnet" or "the Company") is committed to ensure that the highest standards of corporate governance ("CG") being observed and practiced throughout the Company and its subsidiaries (collectively referred to as "the Group") as a fundamental part of discharging its duties and responsibilities in order to achieve the Group's long-term objectives, protect and enhance shareholder's value and safeguard the interests of stakeholders.

This statement is to provide shareholders and investors with an overview of the application of the Practices set out in the revised Malaysian Code on Corporate Governance issued by the Securities Commission of Malaysia ("SC") on 28 April 2021 ("MCCG") by the Company throughout the financial year ended 31 December 2021 ("FYE 2021") and should be read together with the Corporate Governance Report 2021 ("CG Report") of the Company which provide the details on how the Company has applied each Practice.

The CG Report is available on the Company's website at www.cabnet.asia as well as an announcement on Bursa Malaysia Securities Berhad ("Bursa Securities") website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, Chairman of the Board, Executive Directors, the Board Committees, Chief Executive Officer designate and the Individual Board members are set out in the Board Charter which is accessible through the Company's website at www.cabnet.asia. The Board Charter was last reviewed and revised on 24 February 2022.

It is the primary governance responsibilities of the Board to lead and control the Group. The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' values.

The Independent Non-Executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board and providing objective challenges to Management. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgement objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

The Chief Executive Officer ("CEO") has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the policies, strategies and decisions adopted by the Board. The CEO is further assisted by the Deputy Chief Executive Officer ("Deputy CEO"), Chief Operating Officer ("COO") and Senior Executives of the Group to ensure proper focus and accountability.

The Board is headed by a Chairman who is an Independent Non-Executive Director with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and CEO. The details of these responsibilities are articulated in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (cont'd)

The Board is also assisted by several Board Committees, namely Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to assist in the execution of Board functions. The ARMC and Board are further assisted by the Risk Management Committee (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific board agenda. All committees have written terms of reference which is made available for reference at the Company's website at www.cabnet.asia. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.

The Board is also responsible for ensuring the continuing success of the Group. The Board shall provide strategic leadership and business direction, management oversight as well as integration of sustainability consideration in the Group's corporate strategy, governance and decision-making, in order to achieve the Group's long-term objectives, add to shareholders' value and safeguard the interests of stakeholders.

The Board together with Management, takes responsibility for the Group's governance of sustainability, including setting the Group's sustainability strategies, priorities and targets and ensure that the current standing and the response of the sustainability matters of the Group remains relevant taking into consideration any changes to the Group's Sustainability Pillars including climate-related risks and opportunities.

The Board continuously upholds CG standards and values in the organisation and strives to lead by example in strengthening the competitiveness and investor confidence in the Group. For the discharge of its duties and responsibilities, the MCCG practices and guidances are embeded in the Terms of Reference of the respective Board Committees, the Board's Policies and the Board Charter which clearly delineates relevant matters including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the CEO, the EDs and the Management.

In February and April 2022, the Board conducted review on the Board Charter, Board's Policies and the Terms of Reference of all Committees in conjunction with the review of the Group's CG practices with reference to the MCCG and the amendment to the ACE Market Listing Requirements ("AMLR") by Bursa Securities on 19 January 2022. Having conducted the review, the Board approved various changes to the Board Charter, Board's Policies and the Terms of Reference of all Committess to incorporate the applicable practices of the MCCG and the amendments to the AMLR in order to keep it up to date and consistent with the Board's objectives and responsibilities.

The Terms of References of Board's Committees and the following policies are available on the Company's website at www.cabnet.asia:

- Board Corporate and Cybersecurity Disclosure Policy
- Remuneration Policy
- Code of Conduct and Business Ethics Policy
- Continuing Education Policy
- Dividend Policy
- Diversity Policy
- Policy on Related Party Transaction and Recurrent Related Party Transaction
- Stakeholders Communication Policy
- Whistle Blowing Policy
- Board's Procedures for Appointment of Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (cont'd)

The Board has also adopted a Fit and Proper Person Policy and the Sustainability Policy on 24 February 2022 which are available on the Company's website at www.cabnet.asia.

The detail of the attendance record of the Directors at Board and Committee meetings during the FYE2021 is set out below:-

Name of Director	Attendance			
	Board	ARMC	NC	RC
DATUK TAN KOK HONG @TAN YI ***Independent Non-Executive Director/Chairman***	4/5	-	-	1/2
TAY HONG SING ***Executive Director/CEO***	5/5	-	-	-
DATO' JEFFREY LAI JIUN JYE ***Executive Director/Deputy CEO***	5/5	-	-	-
YONG THIAM YUEN ***Executive Director/COO***	5/5	-	-	-
ABDUL MUTALIB BIN IDRIS ***Senior Independent Non-Executive Director***	5/5	5/5	1/1	2/2
MEACHERY JO-ANNE JOSEPH (F) ***Independent Non-Executive Director***	5/5	5/5	1/1	-
VINCENT WONG SOON CHOY ***Independent Non-Executive Director***	5/5	5/5	1/1	2/2
TJONG CHIA HUIE ***Non-Independent Non-Executive Director***	5/5	-	-	-

The Board recognises that it is imperative that directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and had adopted a Board Policy on Continuing Education to set forth the elements of continuing education for Board members in addition to the initial induction process to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations.

The Directors were encouraged to attend relevant training programmes/seminars/briefings to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (cont'd)

Details of the Directors attendance of training programs/seminars/workshops/briefing during FYE2021 are as follows:-

Date	Topic/ Organising Entity	Directors Attended
23.07.2021	Construction Claims & ADR Conference 2021	Mr. Yong Thiam Yuen
10.11.2021	MIA Webinar Series : Budget 2022: Key Updates and Changes for Corporate Accountants	Dato' Jeffrey Lai Jiun Jye Datuk Tan Kok Hong @ Tan Yi Mr. Tay Hong Sing Mr. Tjong Chia Huie Mr. Vincent Wong Soon Choy
17.11.2021	MAICSA Webinar Series : Violations of the Companies Act 2016: Oversight by Directors and Secretaries	Ms. Meachery Jo-anne Joseph
02.12.2021	MAICSA Webinar Series : ESG and Sustainability Reporting	Ms. Meachery Jo-anne Joseph
14.12.2021	ALN Budget 2022 Webinar	Mr. Abdul Mutalib Bin Idris

The Board is supported by three (3) External Company Secretaries. They all are qualified to act as Company Secretary under Section 235 and Section 241 of the Companies Act 2016, one of which is a Fellow Member and the other two are Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislations.

II. BOARD COMPOSITION

Cabnet is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of business, legal, accounting, engineering and information technology. This enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board may not possess the required expertise, the Board would be able to garner advice from its consultants in the required field. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 42 years old to 70 years old to ensure that different viewpoints are considered in the decision making process.

The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

Currently there are eight (8) Board members comprising four (4) Independent Non-Executive Directors, one (1) Non-Indepedenent Non-Executive Director and three (3) Executive Directors, who also serve as the CEO, Deputy CEO and COO respectively.

The profile of each Director is set out in pages 6 to 9 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (cont'd)

The Board had adopted a Diversity Policy which acknowledges the importance of Board diversity which includes, but is not limited to, business experience, geography, age, gender, ethnicity and aboriginal status. For gender diversity, the NC will shortlist the potential women candidate based on criterias includes, but is not limited to, skills, knowledge, expertise and experience, professionalism, integrity, ability to discharge such responsibilities/functions. The Diversity Policy was last reviewed and revised on 24 February 2022. The Board currently includes one Independent Non-Executive Director of the female gender and female senior management.

The Board through its NC had conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board are persons of calibre, character and integrity possessing the appropriate skills, experience and qualities to steer the Company forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

All the four (4) Independent Non-Executive Directors satisfy the independence test under the AMLR of Bursa Securities. They constitute at least half of the current Board structure.

The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Any Director appointed by the Board during the financial year is to retire at the next AGM held following their appointments, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

The above provisions are adhered to by the Board in the AGM. Information on Directors standing for re-election are outlined in the Profile of Directors and contained in the Statement Accompanying Notice of Annual General Meeting covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth on page 123 of this Annual Report.

At the forthcoming Seventh (7th) AGM, Datuk Tan Kok Hong @ Tan Yi, Mr. Vincent Wong Soon Choy and Dato' Jeffrey Lai Jiun Jye are due to retire by rotation under Clause 133 of the Company's Constitution. Datuk Tan Kok Hong @ Tan Yi, Mr. Vincent Wong Soon Choy and Dato' Jeffrey Lai Jiun Jye being eligible have offered themselves for re-election. Following the NC's review on the performance of Datuk Tan Kok Hong @ Tan Yi, Mr. Vincent Wong Soon Choy and Dato' Jeffrey Lai Jiun Jye and having noted their significant and valued contributions to the Board, the NC had recommended their re-election to the Board and the Board had concurred with such recommendation and is recommending that shareholders re-elect Datuk Tan Kok Hong @ Tan Yi, Mr. Vincent Wong Soon Choy and Dato' Jeffrey Lai Jiun Jye at the forthcoming 7th AGM.

The NC and the Board had review the Board composition and its commitees structure, to be in line with Practice 1.4 of the MCCG, Datuk Tan Kok Hong @ Tan Yi, the Chairman of the Board had ceased as a Chairman of the Remuneration Committee and replaced by Ms Meachery Jo-anne Joseph with effect from 24 February 2022. Hence, the Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

In compliance with the provision of Rule 15.08A(3) of the AMLR of Bursa Securities, the activities of the NC for the FYE2021 are set out in Practices 5.3, 5.5, 5.6, 5.7 and 6.1 of the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long term objectives of the Company taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The Board had formalised and adopted a Remuneration Policy for the Board and Senior Management to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director ("ED") and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

The RC had reviewed the Director's fees and benefits and the Executive Directors' remuneration for the financial year ending 31 December 2022 and recommended to the Board for approval.

The disclosure of the Directors' remuneration on a named basis received by each of the current Non-Executive Directors and Executive Directors for FYE2021 are set out in Practice 8.1 of the CG Report.

The disclosure of the top five senior management's remuneration on a named basis in bands of RM50,000 received for FYE2021 are set out in Practice 8.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC of Cabnet comprises wholly of Independent Non-Executive Directors. The ARMC Chairman, Mr. Vincent Wong Soon Choy is a member of the Malaysian Institute of Accountants. The Chairman of the ARMC is not the Chairman of the Board.

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Company and the Group and is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the ARMC.

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at www.cabnet.asia.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of Cabnet recognises as essential for an effective and independent ARMC. None of the members of the Board were former audit partners of the external audit firm. As a measure to safeguard the independence and objectivity of the audit process, the ARMC's revised the AMRC's Terms of Reference on 24 February 2022 and incorporated a policy stipulation that no former audit partner of the external audit firm shall be appointed as a member of the Audit and Risk Management Committee before observing a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee. The cooling-off period is applies to all partners of the audit firms and/or affiliate firm such as providing advisory services, tax consulting and etc.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

I. AUDIT AND RISK MANAGEMENT COMMITTEE (cont'd)

Messrs. RSM Malaysia had given a notice in writing on their resignation as External Auditors of the Company pursuant to Section 281 of the Companies Act, 2016 on 8 November 2021. The resignation of RSM is on a voluntary basis. The ARMC had on 25 November 2021 met with the representatives from Ecovis Malaysia PLT ("Ecovis") and after due consideration including reviewed their Transparency Report, recommended the appointment of Ecovis as External Auditors of the Company to the Board for approval. Taking into consideration of the ARMC's recommendation, the Board had resolved to approved the appointment of Ecovis as the new External Auditors of the Company with effect from 25 November 2021.

The ARMC carried out an assessment of the performance and suitability of Ecovis, the External Auditors, based on an assessment questionnaire have considered assessment criteria such as the quality of services, the understanding of the business operations, audit management team continuity, recommendations to help/improve business/processes, deliver effective presentation and reports, achieve expectation of the Company, meeting deadlines and relationship with the Management and other parties.

Ecovis were also requested to furnish a declaration of their Independence to the Company as part of these procedures. Ecovis had indicated their willingness to seek re-appointment as External Auditors for the financial year ending 31 December 2022.

The ARMC has been generally satisfied with the independence, performance and suitability of Ecovis based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Ecovis as External Auditors for the financial year ending 31 December 2022. The Board had considered and recommended the re-appointment of External Auditors for the shareholders' approval at the forthcoming 7th AGM.

The assessment of performance of ARMC is conducted annually. The NC evaluated and assessed the performance and effectiveness of the ARMC. The NC had concurred the ARMC and members have carried out their duties in accordance with their terms of reference. The Chairman of the NC will lead the NC to evaluate the performance of the Chairman of ARMC and make known its assessment and recommendations, if any to the Board.

The summary of activities of the ARMC during the financial year are set out in the Audit and Risk Management Committee Report on pages 26 to 31 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle.

The Board maintained an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. The duties for the identification, evaluation and management of the key business risk were delegated to the Risk Management Committee.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the ARMC.

The Statement on Risk Management and Internal Control set out on pages 32 to 38 of this Annual Report provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. COMMUNICATION WITH STAKEHOLDERS

Cabnet is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Board recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis. Cabnet Investor Relations ("IR") play its role to ensure proper channels of communication between Cabnet and the stakeholders.

The Board had in place the Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective) and the Corporate Disclosure and Cybersecurity Policy:

- To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.
- To promote and maintain market integrity and investor confidence.
- To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.
- To build good relationship with all stakeholders based on transparency, openness, trust and confidence.
- To align cyber security initiatives to business objectives.
- To establish cybersecurity governance to support cybersecurity initiatives.
- To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.

The detailed Stakeholders Communication Policy and Corporate Disclosure and Cybersecurity Policy are available for reference on the Company's website at www.cabnet.asia. The Corporate Disclosure and Cybersecurity Policy was last reviewed and revised on 24 February 2022.

During FYE2021, the Boards ensured the supply of clear, comprehensive and timely information to the stakeholders via the following manners:

a) Publication of 2020 annual report;
b) Provide all relevant disclosures including quarterly financial results of the Cabnet Group by way of announcement through Bursa link;
c) Frequent updating of information relevant to IR, such as annual report, corporate governance report, financial results and announcements through the Company's corporate website;
d) Issued of circular to shareholders in relation to the acquisition by Cabnet of 100% equity interest in CEE M&E Engineering Sdn Bhd;
e) Engagement with stakeholders through 2021 AGM and Extraordinary General Meeting ("EGM") where the Chairman of the Meetings had highlighted to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and review of the performance of the company during AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

II. CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended under the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during AGMs.

The notice dispatches at least 28 days prior to the date of the AGM, well in advance of the 21 day requirement under the Companies Act 2016 and AMLR, which allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

To ensure effective participation of and engagement with shareholders, all Directors except for Datuk Tan Kok Hong @ Tan Yi, including members of ARMC, NC and RC, attended and participated in the 6th AGM held on 28 May 2021. The absence of Datuk Tan Kok Hong @ Tan Yi was due to medical sickness. Mr Yong Thiam Yuen, the Chief Operating Officer had been elected to Chair the 6th AGM in the absence of Datuk Tan Kok Hong @ Tan Yi.

During the year, an EGM was held on 30 July 2021 and all Directors including members of ARMC, NC and RC, attended the EGM to interact with the Company's shareholders. Both AGM and EGM are conducted virtually through live streaming.

In view of the Coronavirus Pandemic (COVID-19) outbreak and the Government's announcements relating to the various Movement Control Order, Cabnet's 6th AGM held on 28 May 2021 and EGM held on 30 July 2021 were leveraged on technology to facilitate for the conducting of Remote Participation and Voting ("RPV") by the shareholders of Cabnet. The shareholders will be able to participate and exercise their votes via their computers or mobile device from any location.

The proceedings of the AGM were live broadcasted, and the shareholders of Cabnet were able to join the live streamed AGM via web portal or mobile application which was facilitated by Tricor Investor & Issuing House Services Sdn Bhd.

The Boards shared with the shareholders of Cabnet about the Group past year's business performance. The shareholders of Cabnet were also given opportunities to pose any questions pertaining to financial and non-financial matters as well as long term strategies of the Group via an online platform (i.e. query box) provided during the AGM.

During the question and answer session of the AGM and EGM, the Chairman opened the floor to the shareholders to raise questions related to the Company's financial statements and any other items on the meeting's Agenda, before putting the resolutions to vote.

The summary of key matter discussed and responses to the questions have been published on the Company website at www.cabnet.asia/Minutes-of-Shareholders-Meetings together with the minutes of 6th AGM and EGM within 30 business days after the date of general meetings.

This statement was approved by the Board on 1 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Group and the Company for the FYE 2021 are as follows:

	The Group RM	The Company RM
Audit fee	85,676	25,000
Non-Audit fees	14,000	14,000
	99,676	**39,000**

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, chief executive who is not a director or major shareholder, which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

4. CONTRACT RELATING TO LOAN

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

5. EMPLOYEE SHARE OPTIONS SCHEME

The Group did not offer any share scheme for employees during the financial year under review.

6. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

During the FYE 2021, the Group does not have a shareholders' mandate for RRPT. However, the RRPT value transacted during the year does not exceed the threshold limit and therefore no announcement related to RRPT had been made.

All RRPT entered were in the ordinary course of business and were carried out on the terms and conditions that were not materially different from those transactions with unrelated parties.

Details of the RRPT are disclosed and set out in Note 29 on page 109 of this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. COMPOSITION AND ATTENDANCE

The Audit and Risk Management Committee ("ARMC") was established on 12 April 2016. The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors and one of whom is a member of the Malaysian Institute of Accountants (MIA). No alternate director is appointed as a member of the ARMC. This meets the requirements of rule 15.09(1)(a),(b),(c)(i) and 15.09(2) of the AMLR. The ARMC meets the requirement under Step Up Practice 9.4 of the Malaysian Code on Corporate Governance ("MCCG") 2021 whereby the committee comprises solely of Independent Non-Executive Directors.

In line with Practice 9.1 of MCCG, the ARMC is chaired by Independent Non-Executive Director who is not the Chairman of the Board of Directors. The Chairman of the Board of Directors is not a member of the ARMC in line with Practice 1.4 of MCCG.

All members of the ARMC are required to be financially literate and appropriately qualified with sound knowledge and experience in accounting, business, and financial management. The details of attendance of each member at Committee Meetings held during the FYE2021 are as follows:

Composition of Committee	No. of ARMC Meetings Attended FYE2021
Vincent Wong Soon Choy (Chairman, Independent Non-Executive Director)	5/5
Abdul Mutalib bin Idris (Senior Independent Non-Executive Director)	5/5
Meachery Jo-anne Joseph (Independent Non-Executive Director)	5/5

The Board assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the ARMC and its members have been able to discharge their functions, duties and responsibilities effectively and efficiently in accordance with the Terms of Reference of the ARMC.

2. SECRETARY

The secretary(ies) to the ARMC are the Company Secretary(ies) of the Company.

3. TERMS OF REFERENCE

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at https://www.cabnet.asia/corporate-governance.

The ARMC's Terms of Reference was adopted by the Board on 12 April 2016 and last revised on 24 February 2022 in accordance with the requirement of rule 15.11 of the AMLR. Under the enhanced requirement of rule 15.12(1)(g)(ii), the ARMC is required amongst others to review significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

4. MEETINGS

The ARMC shall meet at least four (4) times a year. The Chairman of the ARMC may call at any time for any additional meetings at the Chairman's discretion and the External Auditors ("EA") may request a meeting if they consider that one is necessary. The Committee had convened a total of five (5) meetings during the FYE 2021.The meetings were conducted with the quorum of minimum two (2) members and majority of members present at the meeting were Independent Non-Executive Directors.

The agenda for meetings, the relevant reports and papers were furnished to ARMC members by the Secretary after consultation with the ARMC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings. The meetings were appropriately structured through the use of agendas and committee papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notification.

All issues were adequately deliberated during ARMC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each ARMC meeting were properly recorded by the Company Secretary and subsequently accelerated to the Board for review and notation.

During its scheduled quarterly meetings, the ARMC reviewed the risk management and internal control processes (with the assistance of its outsourced Internal Audit Function), the interim and year-end financial reports, the internal and external audit plans and reports, related party transaction, recurrent related party transaction, awareness of any incidences of fraud, risk management update report and all other areas within the scope of responsibilities of the ARMC under its Terms of Reference.

The Chief Operating Officer and Group Finance Manager ("GFM") were invited to attend the ARMC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues. The GFM had briefed the ARMC on specific issues and areas arising from the quarterly and audit reports. The EA of the Company represented by their Engagement Partner and Audit Manager of the engagement attended ARMC meetings to present their External Audit Planning Memorandum and External Auditors' Report. Similarly, the representatives of the outsourced Internal Audit Function attended the ARMC meetings to table their respective Internal Audit reports.

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the FYE 2021, the ARMC in discharging its duties and functions had carried out the following activities:

a) Financial Reporting

The ARMC reviewed the financial positions and quarterly interim financial reports for the 1st, 2nd, 3rd and 4th quarters of 2021 at its meetings held on 1 April 2021, 28 May 2021, 26 August 2021, 25 November 2021 and 24 February 2022 respectively before recommending them for the Board's consideration and approval for release to the public. In reviewing these financial results, the ARMC ensured the quarterly interim financial reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") while the quarterly reports were produced in accordance with rule 9.22 and Appendix 9B of the AMLR.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

b) Reports from EA

- On 8 November 2021, Messrs. RSM Malaysia had given a notice in writing on their resignation as External Auditors of the Company pursuant to Section 281 of the Companies Act, 2016 with immediate effect. The resignation of RSM is on a voluntary basis. The ARMC had on 25 November 2021 met with the representatives from Ecovis Malaysia PLT ("Ecovis") and after due consideration including reviewed their Transparency Report, recommended the appointment of Ecovis as EA of the Company to the Board for approval. Taking into consideration of the ARMC's recommendation, the Board had resolved the appointment of Ecovis as the new External Auditors of the Company with effect from 25 November 2021.

- On 25 November 2021, the ARMC had reviewed with the EA their scope of work and audit plan as provided in the External Auditors' Audit Planning Memorandum for the financial year 2021 prior to the commencement of audit. The ARMC also had reviewed the EA's remuneration and made recommendation to the Board for acceptance.

- On 25 February 2021 and 24 February 2022, the ARMC had conducted private session meetings with the EA without the presence of the executive board members and management personnel of the Company. The ARMC had the opportunity to assess the co-operation extended by the Management to the EA, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources of the Group's finance department.

- There were no areas of major concern raised by EA that warranted escalation to the Board. The EA were also informed by the ARMC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the ARMC accordingly. At the same time, EA had the opportunity to obtain feedback from the ARMC on their perspectives on the areas of major concerns, which they would like the EA to look into.

- On 24 February 2022, the ARMC had deliberated and reviewed the EA's audit findings and recommendations and the audit report, including management's response in relation to the audit findings of the Group for the FYE 2021.

- On 24 February 2022, the ARMC had reviewed and evaluated the performance of the EA. The ARMC had considered and reviewed the EA's experience, resources availability, independence, level of non-audit services, timing for fieldwork and delivery of reports, working relationship with Management, appropriateness of audit fees and their willingness to continue in office for the next financial year. The ARMC has been generally satisfied with the independence, performance and suitability of EA.

- Obtained confirmation and declaration from EA that they were independent and would be independent throughout their engagement. EA confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance with the Practice 9.3 of the MCCG 2021 and the By-Laws (On professional Ethics, Conduct and Practice) of the MIA.

- On 24 February 2022, EA had indicated their willingness to continue in office for the next financial year and for re-appointment at the forthcoming AGM.

- On 1 April 2022, the ARMC had reviewed the AFS of the Group for the FYE 2021 to ensure that the AFS were drawn up in accordance with the provision of the Companies Act, 2016 and the applicable Approved Accounting Standards.

- Reviewed other significant matters and unusual events or transactions highlighted by the EA as well as how these significant matters were addressed.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

c) Reports from Internal Auditors ("IA")

- On 28 May 2021, the ARMC had reviewed and discussed the Internal Audit Reports with the recommendations made by the IA on the areas of improvement. The report contained the findings, status, potential risks or implications, audit recommendations provided by the IA and corrective actions taken by management in addressing and resolving issues. The areas covered encompassed Project Management as well as Governance Management for Cabnet Systems (M) Sdn Bhd.

- On 25 November 2021, the ARMC had reviewed and discussed the Internal Audit Reports with the recommendations made by the IA on the areas of improvement. The report contained the findings, status, potential risks or implications, audit recommendations provided by the IA and corrective actions taken by management in addressing and resolving issues. The areas covered encompassed Project Management as well as Governance Management for CEE M&E Engineering Sdn Bhd.

- On 28 May 2021 and 25 November 2021, the ARMC had reviewed and discussed the Internal Audit Action Plans Follow up Report with the recommendations made by the IA on the areas of improvement. The report provides ARMC on the status of formulation of the respective management action plans in relation to internal audit findings for previous internal audit cycles conducted and its progress of implementation as at the date of the report.

- On 28 May 2021 and 25 November 2021, the ARMC had conducted private session meetings with the IA without the presence of the executive board members and management personnel of the Company. The ARMC had the opportunity to assess the co-operation extended by the Management to the IA.

- On 24 February 2022, the ARMC had reviewed and evaluated the performance of the IA. The ARMC has considered and reviewed the IA's qualifications and experience, resources availability and competency, independence, scopes and functions of the IA and collaboration with EA. The ARMC has been generally satisfied with the performance of IA.

- On 25 November 2021, the ARMC had reviewed the IA engagement letter and IA Charter and proposed the same to the Board for approval.

- Reviewed and assessed the adequacy of the competency and effectiveness of the systems of Risk Management and Internal Control and the efficiency of the Group's operations in particular those relating to areas of significant risks.

d) Overall Governance Practices in the Group

- Reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the AMLR, principles of the MCCG 2021, other applicable laws, rules, directives and guidelines.

- Reviewed the Statement of Risk Management and Internal Control, Corporate Governance Overview Statement and Audit and Risk Management Committee Report together with the IA and EA.

- Reviewed the Director's Responsibility, Other Compliance Information and Other Governance Disclosure and Financial indicators.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

d) Overall Governance Practices in the Group (cont'd)

- Considered and reviewed any related party transaction in order to ensure that they were not detrimental to the interests of the minority shareholders.

- Inquired on awareness of any incidences or suspicion of fraud that may have come to the ARMC's attention.

- Reviewed the Budget for the financial year ending 31 December 2022 prepared by management and ensured that the assumptions and estimates were reasonable and prudent.

e) Assurance from CEO and GFM on Group's Risk Management and Internal Control

Received assurance from the CEO and GFM that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement on Risk Management and Internal Control to the Board of Directors.

The CEO and GFM assured that:-

- Appropriate accounting policies had been adopted and applied consistently.

- The going concern basis applied in the Annual Consolidated Financial Statements was appropriate.

- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs.

- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRS and AMLR.

- The Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

6. INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

Cabnet Group has outsourced its internal audit function to NeedsBridge Advisory Sdn. Bhd., a professional internal audit services provider since 16 June 2017. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the Audit Committee for its reporting to the Board for ultimate approval.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. On the other hand, the Internal Audit Charter governs the internal audit function by specifying the purpose and mission of internal audit function, its roles, professionalism required (including adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (hereinafter referred to as "Standards"), its authorities, the reporting structure, independence and objectivity required, its responsibilities, purpose of internal audit plan, reporting and monitoring and quality assurance and improvement programme.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS (cont'd)

a) Main responsibilities of the IA

- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system.
- Perform any ad hoc appraisals, inspections, investigations, examinations, review requests of the ARMC or senior management as appropriate.
- Provide recommendations to strengthen the internal control procedures.

b) Activities of Internal Audit Function

- Annually, before the commencement of the internal audit reviews, an internal audit plan is produced and presented to the ARMC for approval. This internal audit plan is developed taking into consideration existing and emergent key business risks identified by the Management as well as Board's and Senior Management's concerns. Upon approval, internal audit reviews will be carried out in accordance with this approved plan and thereafter table bi-annually for ARMC to review the internal audit reports and the progress of internal audit plan. This review is to ensure that the audit direction remains relevant and in line with the ARMC's expectations.
- Prior to the presentation of reports and findings to the ARMC, comments from the management are obtained and incorporated into the internal audit findings and reports.
- Follow up with Management on the implementation of the agreed audit recommendations. The extent of compliance is reported to the ARMC at regular intervals. The ARMC in turn reviews the effectiveness of the system of internal controls in operations and reports the results thereon to the Board.
- Evaluate the relevance, reliability and integrity of financial and management information.
- Assess the means of safeguarding assets and verify their existence.
- Ascertain the extent of compliance with established policies, procedures, plans, laws and regulations.
- The IA had attended two (2) ARMC meetings during the FYE 2021. The functional areas and operating processes reviewed by the IA in 2021 encompassed Project Management and Governance Management for Cabnet Systems (M) Sdn Bhd and CEE M&E Engineering Sdn Bhd.
- The IA had two (2) private session meetings with the ARMC during the FYE 2021 without the presence of the executive board members and management personnel of the Company.

The total cost incurred for the internal audit function outsourced in respect of the FYE 2021 was RM32,997.

The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Company's system of internal controls.

This statement was approved by the Audit and Risk Management Committee on 1 April 2022.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control of the Group for the FYE 31 December 2021, issued in compliance with rule 15.26(b) and Guidance Note 11 of the AMLR of Bursa Securities, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the MCCG 2021. The Statement on Risk Management and Internal Control below outlines the nature and scope of risk management and internal control system of the Group for the financial year under review and up to the date of approval of this statement.

The scope of this Statement includes the Company and its operating subsidiaries.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is to establish risk appetite of the Group based on the strategies, business objectives, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system.

The Board delegates the duty of identification, assessment and management of key business risks to the Risk Management Committee while the ARMC is delegated with board oversight function whereby ARMC is assigned with the duty to review and to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control system of the Group respectively, vide Risk Management Handbook and Terms of Reference respectively as approved by the Board. Internal control and risk-related matters which warranted the attention of the Board were recommended by the ARMC to the Board for its deliberation and approval. In addition, the Board has an effective oversight over the audit findings and recommendations highlighted by outsourced internal audit function as well as the external auditors.

The system of internal controls covers inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. Nevertheless, in view of the limitations that are inherent in any internal control system, the Board recognises that the Group's system is designed to manage, rather than eliminate, the risks of not achieving goals and business objectives within the risk appetite established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

RISK MANAGEMENT

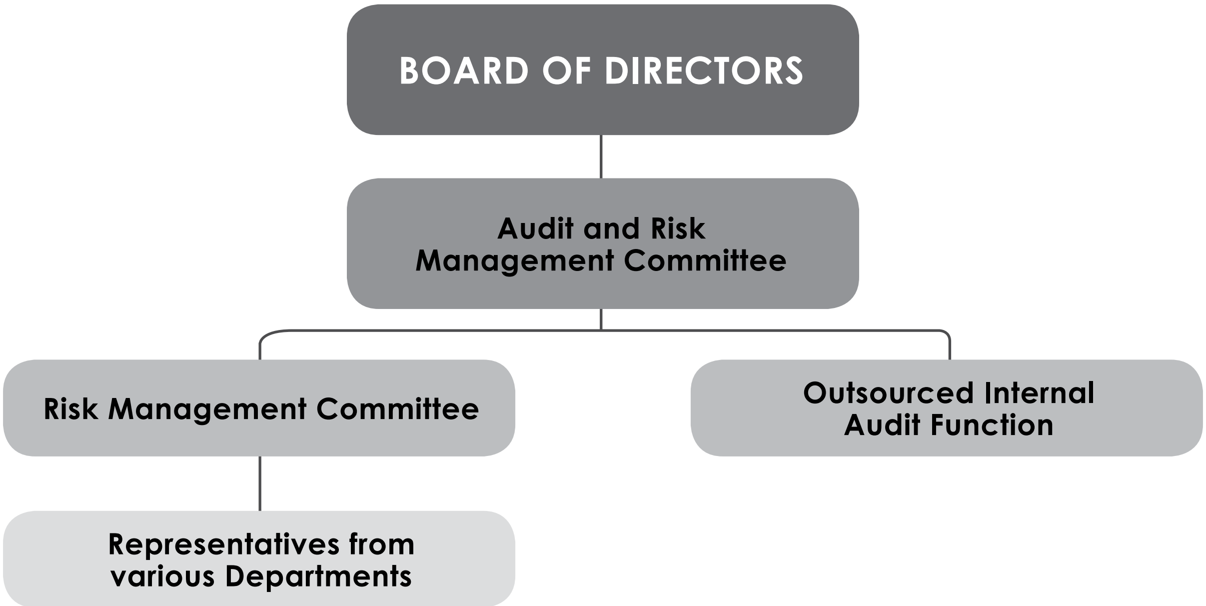
The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. The Board had put in place a structured Risk Management Handbook, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second-line -of-defense.

The Risk Management Handbook was developed and customised based on the foundation of the Federation of European Risk Management Associations ("FERMA") 2002 (Risk Management Standard Framework) and International Organisation for Standardisation ("ISO") 31000 Risk Management – Principles and Guidelines in view of the Group's distinct operations and environment.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (cont'd)

The Risk Management Handbook lays down the risk management's objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the ARMC, Risk Management Committee, departmental representatives (as Risk Owners) and outsourced internal audit function are defined in the Risk Management Handbook.

In particular, the roles and responsibilities of the Risk Management Committee in relation to the risk management are:

- set performance measures in relation to the risk management;
- to report on the risk registers;
- to perform continuous review of the business risks faced by the Group; and
- continuous implementation (including monitoring) of risk management process and practices.

On the other hand, the oversight roles of the ARMC in relation to the risk management as per its terms of reference are:

a. to determine, review and recommend risk management strategies, policies and risk tolerance;
b. to review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
c. to ensure adequate infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of our Company's risk originating activities;
d. to review periodic reports on risk exposure, risk portfolio composition and risk management activities of our Company;
e. to review and recommend new policies or changes to policies, and to consider their risk implications;
f. to review the impact of risk on capital adequacy and profitability under normal and stress scenarios;
g. to review and evaluate the various processes and systems engaged by our Company and to ensure that they are conducted within the standards and policies as set by our Board; and
h. to assess the adequacy of the business recovery/ disaster recovery procedures.

In addition, the operational management team, i.e. the departmental representatives, is designated as Risk Owners within their area of expertise and operational responsibilities to provide/update input of risk registers, to implement the risk management process and practices and to implement and assess control framework.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (cont'd)

Systematic risk management process is stipulated in the Risk Management Handbook, whereby each step of the risk identification, risk evaluation, control evaluation and validation, risk treatment and control activities are laid down for application by the Risk Management Committee and the operational management. Risk assessment is guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board. Based on the risk management process, risk registers were compiled by the Risk Management Committee with relevant key risks identified before report to the ARMC. As an important risk monitoring mechanism, the Risk Management Committee is scheduled to review the risk registers of all operating subsidiaries and assessment of emerging risks identified at strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and report to the ARMC on the results of the review and assessment.

At strategic level, business strategies with risk considerations are formulated by the Executive Directors and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by ARMC and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

During the financial year under review, the Risk Management Committee continue to review its risk registers for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Risk Management reports were updated and tabled to the ARMC on quarterly basis for its review and deliberation on its adequacy and effectiveness of the risk management process and results, and for its reporting the results of review to the Board, which assumes the primary responsibility of the risk management of the Group.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the ARMC.

The above formal process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

The following are the key risk areas identified by Risk Management Committee.

► **Market risk**

  Loss of business opportunity due to stiff competition and other market conditions. The Group has various measures in place, amongst others, allocating key personnel to manage and maintain good relationship with key customers and continues its strategy to expand customer and market base.

► **Operational risk**

  The Group's success depends on smooth and on time fulfilling of its contract's obligation, however, trend of manpower shortage in labour market may result in project delay. The Group has allocated key personnel to manage and monitor respective contract progress, in order to ensure actions are being taken immediately when site progress is falling behind with the target schedule.

► **Financial risk**

  The Group is exposed to credit risk arising from the inability to recover debts which may affect the Group's profitability, cash flow and funding. As such, the Group has tightened credit control on debts by increasing follow-up actions.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION

The Group relies on the internal audit function to provide the Board and the Management with the required level of assurance that the governance, risk management and internal control system are adequate and effective in mitigating organisational risks to achieve the Group's corporate objectives.

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control.

The outsourced internal audit function is reporting to the ARMC directly and the engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review by the ARMC and for its reporting to the Board for ultimate approval. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager and assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

On 24 February 2022, the ARMC had reviewed and evaluated the performance of the outsourced internal audit function. The ARMC has considered and reviewed the outsourced internal audit function's qualifications and experience, resources availability and competency, independence, scopes and functions of the outsourced internal audit function and collaboration with External Auditors. The ARMC and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflict of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit plan, processes or investigation undertaken.

The risk-based internal audit plan in respect of FYE 31 December 2021 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified by the Management and the Senior Management's opinion and was reviewed and approved by the ARMC prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, risks to be assessed and scopes of the internal control review.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION (Cont'd)

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes. The root causes of the internal audit observations are included as part of "Findings" or "Recommendations" and the recommendations from the outsourced internal audit function are formulated for improvement based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample sizes for the respective audit areas calculated was in accordance with our predetermined formulation, subject to the nature of testing and verification of the samples.

During the FYE 31 December 2021, in accordance with the internal audit plan (and any amendments thereof) approved by ARMC, the outsourced internal audit function has conducted review for Project Management (including governance management for such management system) of Cabnet Systems (M) Sdn Bhd and CEE M&E Engineering Sdn Bhd. The outsourced internal audit function also conducted review on the status of formulation of the respective management action plans in relation to internal audit findings for previous internal audit cycles conducted and its progress of implementation as at the date of the report.

Upon the completion of the individual internal audit field work during the financial year, the internal audit reports were presented by the outsourced internal audit function to the ARMC during its scheduled meetings. During the presentation, the internal audit findings, summary of ratings of control adequacy and effectiveness, priority level, risk/potential implication, recommendations as well as management responses/ action plans and person-in-charge together with date of implementation were presented and deliberated with the members of the ARMC. Apart from the internal audit reports, updates on the implementation progress of action plans formulated per previous internal audit reports were presented to ARMC during the financial year for review and deliberation. In addition, during ARMC meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the ARMC's review.

The cost incurred in maintaining the outsourced internal audit function for the FYE 31 December 2021 was amounted to RM32,997.

INTERNAL CONTROL SYSTEM

Apart from risk management and internal audit function, the key features of the Group's internal control system include the following:-

- **Board of Directors/Board Committees**

  The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, the Chairman, Chief Executive Officer and Executive Directors are specified to preserve the independence of the Board from the Management and to improve oversight roles of the Board.

  Board Committees (i.e. ARMC, RC and NC) are established to carry out duties and responsibilities delegated by the Board, governed by written Terms of Reference.

  Meetings of the Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective, and to carry out its fiduciary duties and responsibilities.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM (Cont'd)

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in the Code of Conduct and Business Ethics Policy established and approved by the Board that forms the foundation of integrity and ethical value for the Group.

  To further enhance the ethical value throughout the Group, a formal Anti-Bribery Policy that forms as part of the Code of Conduct and Business Ethics Policy had been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group with Whistle-blowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

- **Organisation Structure, Accountability and Authorisation Procedures**

  The Group has a formal organisation structure and Authority Limit Matrix in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational efficiency, accountability and effectiveness.

- **Policies and Procedures**

  The Group has documented policies and procedures to regulate relevant key processes in compliance with ISO 9001:2015.

- **Information and Communication**

  The Group has put in place effective and efficient information and communication infrastructures and channels, i.e. computerised systems, secured intranet and electronic mail system, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection.

  The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

  Communication of policies and procedures of the Group are conducted via written format, electronic mail system and in-house trainings by respective risk or control owners.

- **Monitoring and Review**

  Internal audits are carried out by the internal audit function (which reports directly to the ARMC) on risk areas identified based on the internal audits carried out. The internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlight potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the ARMC.

  Apart from the above, the quarterly and monthly management meeting are conducted to address budgets, operational and financial performance, business planning, control environment and other key issues.

  Annual budgeting of the Group is prepared and presented to the Board for deliberation and approval during the scheduled meeting. The quarterly financial performance review containing key financial results and comparison against previous corresponding financial results as well as the related parties transactions and recurrent related parties transactions are presented to the Board for their review.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM (Cont'd)

- **Monitoring and Review (Cont'd)**

  In addition to internal audits, significant control issues highlighted by the external auditors as part of their statutory audits responsibility and the monitoring of compliance with ISO certification carried out by internal ISO auditors serve as the fourth-line-of-defense.

  Corrective actions are formulated and implemented for incidents of non-compliance and exceptions reported with its implementation monitored.

ASSURANCE PROVIDED BY THE CHIEF EXECUTIVE OFFICER AND GROUP FINANCE MANAGER

In line with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, the Chief Executive Officer, being highest ranking executive in the Company and Group Finance Manager, being the person primarily responsible for the management of the financial affairs of the Company, have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review and up to date of the approval of this statement.

OPINION AND CONCLUSION

Based on the review of the risk management results and processes, results of the internal audit activities, monitoring and review mechanism stipulated above, coupled with the assurance provided by the Chief Executive Officer and the Group Finance Manager, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary, put in place appropriate plans to further enhance the Group's internal control system. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to rule 15.23 of the AMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guides ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report of the Group for the FYE 2021, issued by the Malaysian Institute of Accountants.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is neither prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This statement was approved by the Board on 1 April 2022.

SUSTAINABILITY STATEMENT

Introduction

At Cabnet Holdings Berhad, we, the Board of Cabnet recognises that prioritising sustainability is imperative in driving long-term business growth as well as in creating shared value for our stakeholders. Despite the challenging business environment, we remain focused in achieving our Environmental, Social and Governance ("ESG") responsibilities by embedding effective sustainable practices into our day-today operations and business policies. Towards this end, we are pleased to report our contributions and activities undertaken during the financial year in continuing this journey.

The scope of this Statement covers Cabnet's business operations and our subsidiaries, which consist of our operation in Malaysia and Singapore.

This Statement is prepared in accordance with the AMLR and with reference to the Sustainability Reporting Guide (2nd Edition) ("the Guide") issued by Bursa Securities.

Governance

The Board affirms its overall responsibility for the integration of sustainability matters of the Group to ensure business strategies, priorities and targets of the Group take into consideration of any changes to the Group's Sustainability Pillars including climate-related risks and opportunities.

Accordingly, the Board had adopted a Sustainability Policy on 24 February 2022. The objectives of the Sustainability Policy are aims to

- integrate a philosophy of sustainable development into all of Cabnet Group's activities, in order to contribute to a better society;
- establish and promote sound environmental practices and minimise harm; and
- deliver sustainable development throughout our operations.

During the financial year under review, the Board had yet to formalise the governance structure in relation to the Group's sustainability management, as alterative, the Board, with the assistance from Management, rely on the informal assessment system and existing formal risk management process for the identification of sustainability matters that requires the attention of the Board and responses to mitigate the sustainability risk factors.

Materiality Assessment

As at the date of this Statement, the Board has yet to undertake a formal material sustainability assessment of sustainability matters for the Group and is committed to perform such assessment by stages and report the outcome in accordance with AMLR and the Guide in near future. In spite of it, the Group had identified several sustainability matters that may have a direct or indirect impact to the Group and responses had been formulated by the Management to address potential sustainability risk(s) identified by incorporating adequate and effective control activities in that respect. Based on the above processes, the sustainability matters were identified through informal stakeholder engagement activities, operational and management reporting systems and key risk profile of the Group.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholders' Engagement

The Board recognises that the contribution and support of the internal and external stakeholders are utmost important for the Group's long-term business sustainability. As such, the Group has carried out formal and informal engagement with its major stakeholders as highlighted below.

Major stakeholders	Communication channels	Engagement Objective(s)
Shareholders	• Annual report • Annual general meeting • Bursa announcements	To provide timely and accurate information for shareholders making informed decisions.
Employees	• HR engagement meetings • Annual performance review	To ensure a safe and satisfaction working environment for employee.
Customers	• Customer satisfaction survey • Regular updates and meetings	To ensure customer satisfactory and deliver value added solutions that meet Customers' needs.
Suppliers	• Business reviews • Purchasing policies and procedures • Meetings	To ensure a sustainable supply of quality services and materials that meet market demand.
Government and local authorities	• Public dialogue involving government officials • Public announcements • Regulator queries	To ensure full compliance with the relevant laws and regulations.

The Board will continually seek to improve stakeholder engagement notwithstanding to the above.

ECONOMIC

We endeavour to become a responsible corporate citizen as we grow alongside the Malaysian economy by upholding the highest standards of governance, delivering value to our customers and adopting sound procurement practices.

► **Quality Assurance**

As part of our continuous efforts to achieve customer satisfaction, we place strong focus on quality assurance throughout the entire process of our project lifecycle. Our quality assurance department is responsible for the design of our quality management system, aside from being assigned to ensure that all quality objectives are met with strict adherence to the standards prescribed under our quality management system, as well as field quality testing.

In line with this, subsidiaries companies, Cabnet Systems (M) Sdn Bhd and CEE M&E Engineering Sdn Bhd, are ISO 9001:2015 (the international standard that specifies requirements for a quality management system) accredited company. Our quality management systems and specific quality control plans are structured to meet the ISO standards.

► **Supply Chain Management**

The Group seeks to ensure that sustainable Supply Chain Management are practiced and embedded into the Group's culture. Based on the past record, the Group has established a large pool of committed local supporters and partners in the market with many successful co-operations experience. The Board believes that the practice of supporting local suppliers could create a co-prosperity community as well as sustaining growth in the local economy.

SUSTAINABILITY STATEMENT (CONT'D)

► **Government and Regulators**

Each employee of the Group is required to comply with local laws and regulations and maintain a high standard of personal conduct while dealing with various stakeholders. Non-compliance may lead to impaired reputation and unnecessary penalties imposed. We have established a proper channel for communication to all employees as well as stakeholders through our Group whistle-blowing policy. In addition, the Group has strengthened its anti-bribery policy in order to ensure every stakeholder are aware of the Group stand point of zero tolerance to bribery and corruption. The Group believe that a zero-corruption community is vital in building sustainable economic.

ENVIRONMENTAL

The Group is committed to minimise the impact of human footprint to the environment and ensure our business are operating in an environmentally responsible manner.

► **Reduce, Reuse, Recycle ("3R")**

The Group has consistently strived to improve its waste management and energy conservation through the practice of 3R. For instances, we are committed to minimise materials wastages through controlling our purchasing and inventory level and channeling waste cables and other materials from its project sites for recycling.

► **Green Energy**

The Group had participated in Net Energy Metering ("NEM") 2.0 program by installed solar system at 2 offices locate in Johor Bahru. NEM2.0 is the second generation of the NEM program, a solar photovoltaics initiative executed by the Sustainable Energy Development Authority (SEDA) Malaysia under the Ministry of Energy and Natural Resources (KeTSA) with the aim to promote renewable energy. The Board envisaged that the usage of solar system to power our building shall reduce the greenhouse gas emissions as well as air pollution.

As of the end of FY2021, the Group has generated approximately 85.19 Megawatt-hours green energy through the solar system.

SOCIAL

► **Employees**

The Board recognises that employees are valuable resources and a key business success factor for the Group's long-term business success and sustainability.

We advocate a corporate philosophy of caring for our employees. We provide careers with growth opportunities, fair performance evaluation and reward systems, and ensure their well-being is addressed. Formal staff benefit table, employee career and salary scale are established by the management in order to ensure our employees are compensate in a transparent manner.

We are committed to build performance-based culture by allowing employees to demonstrate their capabilities, monitor their achievement and growth, and to continuously motivate the employees through the annual performance appraisals. Annual performance appraisals are performed not only for the performance-based remuneration, but also to have effective two-way communication with our people, whereby the past performance and expectations for the future by the Management are communicated while the commitment and concerns of our people are conveyed for future monitoring.

SUSTAINABILITY STATEMENT (CONT'D)

► **Recruitment**

As a homegrown Malaysia company, we are aware of the importance to build up the local community and to provide opportunities for the upcoming generation to succeed.

We prioritise hiring of local employees to fill job vacancies for supervisory roles and above, unless the particular skills or experiences are not available in the country. We believe local recruitment offers much benefits with regards to the easier assimilation to the work culture and understanding needs of the local community.

We are keen in nurturing young talents and always on the lookout for students to join us as interns. Interns will gain first-hand experience of the industry and at the same time, develop their personal skills in preparation for full-time employment after graduation.

The Board is also committed in providing equal opportunity for all employees. As at the end of FY2021, the Group provide employment to 152 people from diverse backgrounds, out of which, 119 are gender of male and 33 are gender of female in term of gender diversification.

► **Safety and Health**

We place great importance on safety aspects by promoting safe work practices to all employees. An in-house Health, Safety and Environmental ("HSE") Committee was established on 1 September 2017. HSE oversees and ensures the Group's health and safety procedures are appropriately adhered to by all employees. Regular meetings and activities have been structured into our safety work schedules and are rigorously carried out by HSE.

In view of the outbreak of COVID-19 pandemic, the Group has initiated a plan to strengthen the safety of working environment by installing UV air sterilizing system at various office location. The Group envisages that this would reduce the risk of infection and safeguard our employee healthiness.

► **Skill Development**

We place a strong emphasis on skill development to enable our employees to achieve their potential. We believe that efficient, effective and knowledgeable employees are essential for the growth of the organisation. To this end, trainings are continuously provided to upgrade job knowledge and develop new skills to support their career development.

We encourage employees to attend relevant new products briefing related to their field of works to broaden their perspective and be at the forefront of industry practices.

► **Community**

We also endeavour to strengthen our Corporate Social Responsibility ("CSR") initiatives by making charitable donations to welfare establishments and conducting CSR activities.

During the financial year under review and up to the date of this statement, the Group had made charitable donation to Malaysian Red Crescent Johor Bahru.

Being a responsible corporate citizen, we will continue our effort to contribute and giving back to communities.

This statement was approved by the Board on 1 April 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with applicable Malaysian Financial Reporting Standards (MFRSs) and the requirements of the Companies Act 2016.

The directors are responsible to ensure that the 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 the results and cash flows of the Group and of the Company for the financial year.

During the preparation of the financial statements for the financial year ended 31 December 2021, the directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, to prevent and detect fraud, other irregularities as well as material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The details of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the year		
Attributable to:		
Owners of the Company	1,211,598	(731,760)
Non-controlling interests	(2,356)	-
	1,209,242	(731,760)

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year. The directors do not recommend any dividend 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 other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year covered by the Statement of Profit or Loss and Other Comprehensive Income to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The directors who served during the financial year up to the date of this report are:-

Datuk Tan Kok Hong @ Tan Yi
Dato' Jeffrey Lai Jiun Jye
Tay Hong Sing
Yong Thiam Yuen
Abdul Mutalib Bin Idris
Meachery Jo-anne Joseph
Vincent Wong Soon Choy
Tjong Chia Huie

The name of the directors of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above are as follows:-

Tan Ying Meng
Koh Thain Lin
Sim Yian Fei
Murugesu A/L Vindasamy
Chua Sing Zhi (appointed on 1.1.2022)
Lim Lai An (resigned on 27.5.2021)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the directors from the Company or related corporations, or the fixed salary of a full time employee of the Company or related corporations as disclosed in the financial statements, by reason of a contract made by the Company or related corporations with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than certain directors who have substantial financial interests in companies which traded with the Company or related corporations in the ordinary course of business, other than as disclosed in Note 28 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of directors in office at the end of the financial year in the shares of the Company and of its related corporations during the financial year are as follows:-

	Number of ordinary shares			
Company	**As at 1.1.2021**	**Acquired**	**Disposed**	**As at 31.12.2021**
Direct interests				
Datuk Tan Kok Hong @ Tan Yi	343,750	-	-	343,750
Tay Hong Sing	17,448,750	-	-	17,448,750
Yong Thiam Yuen	158,125	584,150	-	742,275

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (cont'd)

	← Number of warrants →			
Company	**As at 1.1.2021**	**Acquired**	**Disposed**	**As at 31.12.2021**
Direct interests				
Tay Hong Sing	16,420,000	-	(16,420,000)	-
Yong Thiam Yuen	57,500	-	(57,500)	-

None of the other directors in office at the end of the financial year hold any shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 21 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 21 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity has been given to or insurance effected for the directors, officers or auditors of the Company pursuant to Section 289 of the Companies Act, 2016.

OTHER STATUTORY INFORMATION

(a) The directors, before the Statements of Profit or Loss and Other Comprehensive Income and Statements of Financial Position of the Group and of the Company were prepared, took reasonable steps:-

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) The directors are not aware of any circumstances, at the date of this report, which would render:-

  (i) the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent; or

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (cont'd)

(c) At the date of this report, the directors are not aware of any circumstances 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.

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

(e) As at the date of this report, there does not exist:-

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

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

(f) In the opinion of the directors:-

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) 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 is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

The significant event during and subsequent to the financial year end is as disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to accept re-appointment.

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

TAY HONG SING

DATO' JEFFREY LAI JIUN JYE

JOHOR BAHRU

Date: 1 April 2022

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

We, **TAY HONG SING** and **DATO' JEFFREY LAI JIUN JYE**, being two of the directors of **CABNET HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the financial statements set out on pages 54 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the year then ended.

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

TAY HONG SING

DATO' JEFFREY LAI JIUN JYE

JOHOR BAHRU

Date: 1 April 2022

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

I, **SEOW ZHEN YOU (MIA 45644)**, being the officer primarily responsible for the financial management of **CABNET HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 54 to 114, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
SEOW ZHEN YOU (MIA 45644) at Johor Bahru in the
state of Johor Darul Ta'zim on 1 April 2022

SEOW ZHEN YOU (MIA 45644)

Before me,
RABBIATULADAWIAH BINTI ABDULLAH
Commissioner of Oath
No. J232

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CABNET HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

Opinion

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

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 of 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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.

Key audit matters	How our audit addressed the key audit matters
Revenue from construction contracts Revenue from construction contracts accounted for approximately 67% of the Group's total revenue during the financial year ended 31 December 2021. Construction contracts accounting is inherently complex and we focused on this area as there are significant management estimates and judgements involved in determining the: • Stage of completion; • Extent of the contract costs incurred to date; • Estimated total contract costs; and • Estimated liquidated ascertained damages ("LAD") on projects where the estimated completion dates are beyond the contractual completion dates.	We have performed the following procedures: • We assessed the reasonableness of management's key assumptions used in deriving at the estimates for total contract costs for projects selected by examining documentary evidence such as letters of award issued, quotation, purchase order and etc; • We tested, on sample basis, the actual cost incurred to relevant documents such as contractors' claim certificates or suppliers' invoices;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

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

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
Revenue from construction contracts (cont'd) The notes relating to revenue recognition are disclosed in Note 2(j), Note 2(r)(a)(i), Note 2(z)(ii) and Note 19 to the financial statements.	We have performed the following procedures (cont'd): • We recalculated the percentage of completion based on the approved contract sums, actual costs incurred to date and latest revised budgets to ascertain that the revenue was appropriately recognised; • We performed site visits to physically inspect the stage of completion of certain projects and identify areas of complexity through observation and discussion with site personnel, and examined the physical completion progress reports; • We also evaluated whether the Group is liable for liquidated ascertained damages by examining the contractual delivery dates of the signed agreements against the Group's estimated or actual delivery dates.
Valuation of goodwill As at 31 December 2021, as shown in Note 7 to the financial statements, the Group's goodwill amounted to approximately RM6 million, which represented 6% of the Group's total assets. The Group is required to perform an annual impairment test or when indication of impairment exists on goodwill which arose from the Group's acquisition of the subsidiaries. The Group applies the value-in-use ("VIU") method to estimate the recoverable amounts of the goodwill. We have identified the valuation of goodwill as a key audit matter as the impairment test involves significant management judgement in determining the allocation of goodwill to the cash-generating unit ("CGU") and in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the goodwill is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flow projections.	We have performed the following procedures: • We obtained an understanding of the relevant internal process in estimating the recoverable amount of the CGU and evaluated the assumptions and methodologies used by the Group; • We compared the key assumptions including forecasted revenue, growth rates, gross margin and discount rates against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; • We performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the goodwill; • We assessed the appropriateness of the financial statements disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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 ISAs 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 basis of these financial statements.

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

(a) 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

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

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

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

(e) 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.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
02733/07/2023 J
Chartered Accountant

JOHOR BAHRU

Date: 1 April 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	GROUP 2021 RM	GROUP 2020 RM (Restated)	COMPANY 2021 RM	COMPANY 2020 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	14,729,457	10,971,530	10,018	9,594
Right-of-use assets	4	5,032,840	4,376,436	-	-
Investment properties	5	1,111,640	2,378,000	-	-
Investments in subsidiaries	6	-	-	40,323,554	24,382,001
Goodwill on consolidation	7	6,035,098	98,942	-	-
Deferred tax assets	8	709,276	718,000	-	-
		27,618,311	18,542,908	40,333,572	24,391,595
CURRENT ASSETS					
Inventories	9	2,556,451	1,926,259	-	-
Contract assets	10	22,749,025	17,629,902	-	-
Trade and other receivables	11	33,290,248	19,188,241	31,224	3,970,111
Current tax assets		368,547	8,467	19,952	9,287
Cash and bank balances	12	8,942,086	8,276,563	97,970	142,907
		67,906,357	47,029,432	149,146	4,122,305
Asset classified as held for sale	13	1,237,920	-	-	-
		69,144,277	47,029,432	149,146	4,122,305
TOTAL ASSETS		96,762,588	65,572,340	40,482,718	28,513,900
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	14	27,678,500	27,678,500	27,678,500	27,678,500
Reserves	15	16,990,759	15,820,140	11,617	743,377
		44,669,259	43,498,640	27,690,117	28,421,877
Non-controlling interests		-	59,614	-	-
TOTAL EQUITY		44,669,259	43,558,254	27,690,117	28,421,877
NON-CURRENT LIABILITIES					
Loans and borrowings	16	4,142,806	4,094,418	-	-
Lease liabilities	17	1,530,544	1,539,448	-	-
Trade and other payables	18	8,043,553	-	8,043,553	-
		13,716,903	5,633,866	8,043,553	-
CURRENT LIABILITIES					
Trade and other payables	18	23,739,182	12,718,338	4,749,048	92,023
Contract liabilities	10	3,129,114	-	-	-
Loans and borrowings	16	9,946,481	3,082,439	-	-
Lease liabilities	17	639,924	579,443	-	-
Current tax liabilities		921,725	-	-	-
		38,376,426	16,380,220	4,749,048	92,023
TOTAL LIABILITIES		52,093,329	22,014,086	12,792,601	92,023
TOTAL EQUITY AND LIABILITIES		96,762,588	65,572,340	40,482,718	28,513,900

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 2021 RM	GROUP 2020 RM (Restated)	COMPANY 2021 RM	COMPANY 2020 RM
REVENUE	19	67,906,553	42,167,965	75,000	440,600
COST OF SALES		(57,990,830)	(37,696,381)	-	-
GROSS PROFIT		9,915,723	4,471,584	75,000	440,600
OTHER INCOME		974,524	781,012	50,516	129,030
ADMINISTRATIVE EXPENSES		(9,196,591)	(8,322,788)	(813,485)	(516,417)
NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL INSTRUMENTS		849,052	(1,225,904)	-	-
PROFIT/(LOSS) FROM OPERATIONS		2,542,708	(4,296,096)	(687,969)	53,213
FINANCE COSTS	20	(583,671)	(464,869)	(38,833)	-
PROFIT/(LOSS) BEFORE TAX	21	1,959,037	(4,760,965)	(726,802)	53,213
TAX (EXPENSE)/INCOME	22	(749,795)	250,406	(4,958)	(16,923)
PROFIT/(LOSS) FOR THE YEAR		1,209,242	(4,510,559)	(731,760)	36,290
OTHER COMPREHENSIVE EXPENSE, NET OF TAX					
Items that will be reclassified subsequently to profit or loss:-					
Foreign currency translation differences for foreign operations		(237)	(47)	-	-
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX		(237)	(47)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		1,209,005	(4,510,606)	(731,760)	36,290
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		1,211,598	(4,512,114)	(731,760)	36,290
Non-controlling interests		(2,356)	1,555	-	-
		1,209,242	(4,510,559)	(731,760)	36,290
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:					
Owners of the Company		1,211,361	(4,512,161)	(731,760)	36,290
Non-controlling interests		(2,356)	1,555	-	-
		1,209,005	(4,510,606)	(731,760)	36,290

	Note	GROUP 2021 RM	GROUP 2020 RM (Restated)
EARNINGS/(LOSS) PER ORDINARY SHARE (SEN)			
Basic	23	0.68	(2.52)
Diluted	23	0.68	(2.52)

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			
GROUP	Share capital (Note 14) RM	Translation reserve (Note 15) RM	Capital reserve (Note 15) RM	Retained profits (Note 15) RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2020	27,678,500	-	1,050,000	19,282,301	48,010,801	58,059	48,068,860
Loss for the year	-	-	-	(4,512,114)	(4,512,114)	1,555	(4,510,559)
Other comprehensive expense:							
Foreign currency translation differences for foreign operations	-	(47)	-	-	(47)	-	(47)
Total comprehensive (expense)/income for the year	-	(47)	-	(4,512,114)	(4,512,161)	1,555	(4,510,606)
At 31 December 2020	27,678,500	(47)	1,050,000	14,770,187	43,498,640	59,614	43,558,254
At 1 January 2021	27,678,500	(47)	1,050,000	14,770,187	43,498,640	59,614	43,558,254
Profit for the year	-	-	-	1,211,598	1,211,598	(2,356)	1,209,242
Other comprehensive expense:							
Foreign currency translation differences for foreign operations	-	(237)	-	-	(237)	-	(237)
Total comprehensive (expense)/income for the year	-	(237)	-	1,211,598	1,211,361	(2,356)	1,209,005
Accretion in equity interests in a subsidiary	-	-	-	(40,742)	(40,742)	(57,258)	(98,000)
Total transactions with owners of the Company	-	-	-	(40,742)	(40,742)	(57,258)	(98,000)
At 31 December 2021	27,678,500	(284)	1,050,000	15,941,043	44,669,259	-	44,669,259

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	***Non-distributable*** **Share capital RM**	***Distributable*** **Retained profits RM**	**Total RM**
At 1 January 2020	27,678,500	707,087	28,385,587
Profit/Total comprehensive income for the year	-	36,290	36,290
At 31 December 2020	27,678,500	743,377	28,421,877
Loss/Total comprehensive expense for the year	-	(731,760)	(731,760)
At 31 December 2021	27,678,500	11,617	27,690,117

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before tax	1,959,037	(4,760,965)	(726,802)	53,213
Adjustments for:				
Bad debts written off	12,000	-	-	-
Depreciation of:				
- property, plant and equipment	730,566	648,535	1,376	1,076
- right-of-use assets	674,182	515,682	-	-
- investment properties	28,440	-	-	-
Allowance for impairment loss on:				
- inventories	-	82,139	-	-
- trade receivables	311,149	1,226,625	-	-
Interest expenses	524,608	419,338	38,833	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(3,700)	(9,640)	-	-
- right-of-use assets	-	(44,589)	-	-
- investment properties	-	69,165	-	-
Interest income	(245,343)	(132,435)	(50,516)	(129,030)
Reversal of allowance for impairment loss on:				
- trade receivables	(1,172,201)	(721)	-	-
- inventories	(6,785)	-	-	-
Operating profit/(loss) before changes in working capital	2,811,953	(1,986,866)	(737,109)	(74,741)
(Increase)/Decrease in inventories	(623,407)	482,938	-	-
Decrease/(Increase) in trade and other receivables	3,942,213	(474,806)	42,383	7,821
(Increase)/Decrease in contract assets/(liabilities)	(1,595,200)	7,611,108	-	-
(Decrease)/Increase in trade and other payables	(2,783,843)	(5,069,102)	42,999	(92,116)
Cash generated from/(used in) operations	1,751,716	563,272	(651,727)	(159,036)
Tax paid	(943,027)	(837,459)	(15,623)	(18,390)
Tax refunded	-	291,411	-	8,451
Net cash from/(used in) operating activities	808,689	17,224	(667,350)	(168,975)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Acquisition of subsidiary, net of cash (Note 30(b))	(5,029,215)	-	(6,000,000)	-
Acquisition of non-controlling interests (Note 30(b))	(98,000)	-	-	-
Proceeds from disposal of investment in subsidiary	-	-	102,000	-
Interest received	245,343	132,435	50,516	129,030
Purchase of investment	-	-	-	(3)
Purchase of:				
- property, plant and equipment	(307,691)	(154,062)	(1,800)	-
- right-of-use assets	(19,950)	(267,013)	-	-
- investment properties	-	(4,150,000)	-	-
Placement of fixed deposit	(584,297)	(535,845)	-	-
Withdrawal of fixed deposit	-	699,688	-	-
Proceeds from disposal of: -				
- property, plant and equipment	14,550	17,515	-	-
- right-of-use assets	-	90,000	-	-
- investment property	-	1,702,835	-	-
Net cash (used in)/from investing activities	(5,779,260)	(2,464,447)	(5,849,284)	129,027

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	GROUP		COMPANY	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES				
Amount due to/(by) subsidiaries	-	-	6,510,530	(2,939,212)
Interest paid	(524,608)	(419,338)	(38,833)	-
Drawdown of:				
- term loans	986,515	-	-	-
- trust receipts	391,200	339,863	-	-
- bankers' acceptance	19,767,000	12,987,000	-	-
- other trade finance	544,615	-	-	-
Repayment of:				
- term loans	(312,950)	(228,768)	-	-
- trust receipts	(731,063)	-	-	-
- bankers' acceptance	(16,442,000)	(14,395,000)	-	-
- lease liabilities	(641,861)	(375,296)	-	-
Net cash from/(used in) financing activities	3,036,848	(2,091,539)	6,471,697	(2,939,212)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,933,723)	(4,538,762)	(44,937)	(2,979,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,935,738	10,474,547	142,907	3,122,067
Effects of exchange rate changes on the balance of cash held in foreign currencies	(237)	(47)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	4,001,778	5,935,738	97,970	142,907
Cash outflows for leases as a lessee				
Included in net cash from operating activities:				
Payment relating to short-term and low value assets (Note 21)	82,557	77,850	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	641,861	375,296	-	-
Interest paid in relation to lease liabilities (Note 20)	99,276	51,829	-	-
Total cash outflows for leases	823,694	504,975	-	-
Cash outflows for right-of-use assets				
Cost of right-of-use assets (Note 4)	19,950	1,633,383	-	-
Less: Amount finance under lease arrangement	-	(1,366,370)	-	-
	19,950	267,013	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

The principal activities of the Company are those of investment holding. The details of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Suite 5.11 & 5.12, 5th Floor Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80000 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at No. 18 (PLO 184) Jalan Angkasa Mas 6, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor Darul Ta'zim.

The consolidated financial statements of the Group 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

(b) Statement of compliance

The followings are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework
Amendment to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)
Amendments to MFRS 116, Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Statement of compliance (Cont'd)

Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendment to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 - 2020)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts
Amendment to MFRS 17, 'Insurance Contracts' – Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101, Presentation of Financial Statements – Classification of liabilities as current or non-current
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112, Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group and of the Company.

(c) 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 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 investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

(ii) Business combination

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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

(v) Non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

(vi) 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.

Unrealised gains arising from transactions with equity-accounted associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Financial instruments

(i) Initial recognition and measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group or the Company becomes a party to the contractual provisions for the instrument.

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

An embedded derivate is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contact is not measured at fair value through profit or loss. The host contract, in the event embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Classification and subsequent measurement

Financial assets: Classification

On initial recognition, a financial asset is classified as measured at:

(a) amortised cost;
(b) fair value through other comprehensive income ("FVOCI") – debt investment;
(c) fair value through other comprehensive income ("FVOCI") – equity investment; or
(d) fair value through profit or loss ("FVTPL").

Financial assets 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 in the business model.

A financial asset is measured at amortised cost if it is 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 at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at FVTPL.

An equity investment is measured at FVOCI if it is not held for trading and the Group or the Company can irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on investment-by-investment basis. If not elected, equity investment is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

(a) Financial assets at amortised cost

These assets are subsequently 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 where the effective interest rate is applied to the amortised cost.

(b) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(c) Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

(d) Equity investments at FVTPL

These assets are subsequently measured at fair value. Dividend and other net gains and losses are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

All financial assets, except for those measured at FVTPL, are subject to review for impairment.

Financial liabilities: Classification and subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. For financial liabilities categorised as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the 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 or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified terms are substantially different. 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 and 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 settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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' or '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 costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(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. 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. Freehold land is not depreciated. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The annual depreciation rates used for the current and comparative periods are as follows:-

	%
Buildings	2 - 5
Furniture and equipment	10 - 40
Motor vehicles	10 - 20
Renovation	10

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

(f) Leased asset

(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 assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) Recognition and initial measurement

(a) As a lessee

The Group 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 that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leased asset (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

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 payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group 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.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leased asset (Cont'd)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on 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 estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term under finance lease, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.

(g) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investees.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(h) Investment property

Investment property carried at cost model

Investment property is property which is owned or right-of-use assets held under a lease contract to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (e.g. professional fees for legal services).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investment property (Cont'd)

Investment property carried at cost model (Cont'd)

Subsequently, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follow:

Buildings	50 years

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

If the Group determines that the fair value of an investment property is not reliably determinable on a continuing basis, the Group shall measure that investment property using the cost model. The residual value of the investment property shall be assumed to be zero. The Group shall apply cost model until disposal of the investment property.

(i) Inventories

Inventories are carried in the statement of financial position at the lower of cost and net realisable value. Cost is determined on a first-in-first-out (FIFO) basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

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

(j) Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that costs incurred for work performed to date bear to the estimated total costs.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue on a contract, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

Contract revenue comprises the initial amount of revenue agreed in the contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. Contract asset is recognised when the entity has performed under the contract but has not yet billed the customer. Contract asset is stated at cost less accumulated impairment.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. Contract liability is recognised when the entity has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities also include down payments received from customers.

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the entity performs under the contract.

(l) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Impairment

Financial instruments and contract assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables.

The Group and the Company apply a two-step approach to measure the ECL on financial assets other than trade receivables, contract assets and lease assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Impairment (Cont'd)

Financial instruments and contract assets (Cont'd)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities 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, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 and the Company's historical experience and informed credit assessment and including forward-looking information.

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 or the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Company expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix 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.

An impairment loss in respect of debts investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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.

Write-off

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 and the Company determine 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 and the Company's procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Impairment (Cont'd)

Financial instruments and contract assets (Cont'd)

Other assets

The carrying amounts of the other assets (except for inventories, 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating unit) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed 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 asset's carrying amount does not exceed the carrying amount that 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.

(o) Equity instruments

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

(i) Issue expenses
Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Equity instruments (Cont'd)

(ii) Ordinary shares
Ordinary shares are classified as equity.

(iii) Preference share capital
Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if the dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss accrued.

(p) 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.

(q) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(r) Revenue

Revenue is measured at the fair value of consideration received or receivable in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group or the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

The Group recognises revenue from contracts with customers at a point in time unless one of the following over time criteria is met:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Revenue (Cont'd)

(a) Revenue from contracts with customers

(i) Revenue from construction contract
The Company contracts with its customers for construction services. Revenue from construction contracts is recognized over time using the input method, which is based on the actual cost incurred to date on the construction project as compared to the total budgeted cost for the construction project as described in Note 2(j).

(ii) Sales of goods and services rendered
Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability.

Revenue from services rendered is recognised in profit or loss when the services are performed, and is measured at the fair value of the consideration receivable.

(b) Dividend income
Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(c) Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment and subleased properties are recognised as other income.

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

(s) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis in the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Borrowing costs (Cont'd)

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

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

(u) 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 year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

Any unutilised portion of a tax incentive 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 the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Earnings per ordinary share

The Group presents basic 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.

(w) 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. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the managing director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(x) Contingencies

(i) 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 statement of financial position and is disclosed as a 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.

(ii) Contingent assets
Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow 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 assets unless the probability of inflow of economic benefits is remote.

(y) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(y) Fair value measurement (Cont'd)

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 price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or a liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

(z) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, 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 no 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 those disclosed in the following notes:

(i) Coronavirus (COVID-19) pandemic

Judgement had been exercised in considering the impacts that the coronavirus (COVID-19) pandemic has had, or may have, on the Group and the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group and the Company operate. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group and the Company unfavorably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(ii) Revenue and cost recognition

For construction revenue where the Company satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Company's performance in transferring control of the electrical works under construction to the customers, as it reflects the Company's efforts incurred to date relative to the total inputs expected to be incurred for the construction work. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction work.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgement, the Company evaluates based on past experience and by relying on the work of specialists.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Use of estimates and judgments (Cont'd)

(iii) Transfer of control in construction contracts activities

For the purposes of revenue recognition, management uses its judgement to determine whether control under construction is transferred to customers over time or at a point in time. The Group uses the criterion of control from the perspective of a customer, judged in relation to the customer's ability to obtain economic benefits of the asset under construction. The Group considers that if the asset under construction has been assigned to a customer and the asset has no alternative use to the Group and the Group has enforceable rights to payments, control of the asset is transferred over time to the customer. Revenue is recognised over time based on the stage of completion.

(iv) Impairment of goodwill on consolidation

The Group tests goodwill for impairment at least annually in accordance with its accounting policy as explained in Note 2(g) to the financial statements.

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgment is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax credits to the extent that it is probable that taxable profit will be available against which the unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Impairment of trade receivables and contract assets

Significant estimate is required in determining the impairment of trade receivables and construction contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2021	As at 1.1.2021 RM	Acquisition of subsidiary RM	Additions RM	Disposals/ Written off RM	#Transfer RM	As at 31.12.2021 RM
Cost						
Freehold land	1,757,358	1,500,000	-	-	-	3,257,358
Buildings	7,634,914	2,353,526	-	-	-	9,988,440
Furniture and equipment	2,096,946	795,593	292,277	(44,434)	-	3,140,382
Motor vehicles	1,465,047	530,601	-	(37,521)	679,082	2,637,209
Renovation	1,222,630	381,380	15,414	-	-	1,619,424
	14,176,895	5,561,100	307,691	(81,955)	679,082	20,642,813

GROUP 2021	As at 1.1.2021 RM	Acquisition of subsidiary RM	Charge for the year RM	Disposals/ Written off RM	#Transfer RM	As at 31.12.2021 RM
Accumulated depreciation						
Buildings	431,040	443,526	214,755	-	-	1,089,321
Furniture and equipment	1,326,994	497,951	237,632	(33,584)	-	2,028,993
Motor vehicles	1,205,122	480,201	146,727	(37,521)	391,091	2,185,620
Renovation	242,209	235,761	131,452	-	-	609,422
	3,205,365	1,657,439	730,566	(71,105)	391,091	5,913,356

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP 2020	As at 1.1.2020 RM	Additions RM	Disposals/ Written off RM	#Transfer RM	As at 31.12.2020 RM
Cost					
Freehold land	1,757,358	-	-	-	1,757,358
Buildings	7,634,914	-	-	-	7,634,914
Furniture and equipment	2,014,966	94,894	(12,914)	-	2,096,946
Motor vehicles	1,487,305	-	(62,000)	39,742	1,465,047
Renovation	1,166,092	59,168	(2,630)	-	1,222,630
	14,060,635	154,062	(77,544)	39,742	14,176,895

GROUP 2020	As at 1.1.2020 RM	Charge for the year RM	Disposals/ Written off RM	#Transfer RM	As at 31.12.2020 RM
Accumulated depreciation					
Buildings	249,536	181,504	-	-	431,040
Furniture and equipment	1,119,923	214,674	(7,603)	-	1,326,994
Motor vehicles	1,114,870	132,050	(62,000)	20,202	1,205,122
Renovation	121,968	120,307	(66)	-	242,209
	2,606,297	648,535	(69,669)	20,202	3,205,365

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	2021 RM	2020 RM
Net carrying amount		
Freehold land	3,257,358	1,757,358
Buildings	8,899,119	7,203,874
Furniture and equipment	1,111,389	769,952
Motor vehicles	451,589	259,925
Renovation	1,010,002	980,421
	14,729,457	10,971,530

Company 2021	As at 1.1.2021 RM	Additions RM	As at 31.12.2021 RM
Cost			
Furniture and equipment	10,760	1,800	12,560
	10,760	1,800	12,560

Company 2021	As at 1.1.2021 RM	Charge for the year RM	As at 31.12.2021 RM
Accumulated depreciation			
Furniture and equipment	1,166	1,376	2,542
	1,166	1,376	2,542

Company 2020	As at 1.1.2020 RM	Additions RM	As at 31.12.2020 RM
Cost			
Furniture and equipment	10,760	-	10,760
	10,760	-	10,760

Company 2020	As at 1.1.2020 RM	Charge for the year RM	As at 31.12.2020 RM
Accumulated depreciation			
Furniture and equipment	90	1,076	1,166
	90	1,076	1,166

Company	2021 RM	2020 RM
Net carrying amount		
Furniture and equipment	10,018	9,594
	10,018	9,594

Transfer from right-of-use assets (Note 4)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The net carrying amount of property, plant and equipment pledged for banking facilities granted to the Group as referred to in Note 16 are as follows:-

	2021 RM	2020 RM
Freehold land	3,257,358	1,757,358
Buildings	5,312,430	4,471,938
	8,569,788	6,229,296

The lease income recognised in profit or loss of the Group is RM52,700 (2020: RM53,767) and the operating lease payments are within 1 to 2 years.

4. RIGHT-OF-USE ASSETS

Group 2021	As at 1.1.2021 RM	Acquisition of subsidiary RM	Additions RM	*Transfer RM	As at 31.12.2021 RM
Cost					
Leasehold land	1,612,202	-	-	-	1,612,202
Leasehold buildings	-	1,117,324	-	-	1,117,324
Buildings	26,870	44,179	-	-	71,049
Motor vehicles	3,778,185	1,170,247	19,950	(679,082)	4,289,300
	5,417,257	2,331,750	19,950	(679,082)	7,089,875

Group 2021	As at 1.1.2021 RM	Acquisition of subsidiary RM	Charge for the year RM	*Transfer RM	As at 31.12.2021 RM
Accumulated depreciation					
Leasehold land	49,519	-	43,597	-	93,116
Leasehold buildings	-	307,324	22,807	-	330,131
Buildings	12,315	23,930	20,799	-	57,044
Motor vehicles	978,987	401,869	586,979	(391,091)	1,576,744
	1,040,821	733,123	674,182	(391,091)	2,057,035

Group 2020	As at 1.1.2020 RM	Additions RM	Disposal/ Written off RM	*Transfer RM	As at 31.12.2020 RM
Cost					
Leasehold land	1,612,202	-	-	-	1,612,202
Buildings	-	26,870	-	-	26,870
Motor vehicles	2,362,785	1,606,513	(151,371)	(39,742)	3,778,185
	3,974,987	1,633,383	(151,371)	(39,742)	5,417,257

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. RIGHT-OF-USE ASSETS (Cont'd)

Group 2020	As at 1.1.2020 RM	Charge for the year RM	Disposal/ Written off RM	*Transfer RM	As at 31.12.2020 RM
Accumulated depreciation					
Leasehold land	5,922	43,597	-	-	49,519
Buildings	-	12,315	-	-	12,315
Motor vehicles	645,379	459,770	(105,960)	(20,202)	978,987
	651,301	515,682	(105,960)	(20,202)	1,040,821

Group	2021 RM	2020 RM
Net carrying amount		
Leasehold land	1,519,086	1,562,683
Leasehold buildings	787,193	-
Buildings	14,005	14,555
Motor vehicles	2,712,556	2,799,198
	5,032,840	4,376,436

* Transfer to property, plant and equipment (Note 3)

The Group leases buildings for 2 years that include an extension option for additional one year. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. The Group had performed an assessment at lease commencement whether it is reasonably certain to exercise the extension options. The lease arrangements generally do not allow for subleasing of the leased assets to another party.

The net carrying amount of right-of-use assets pledged for banking facilities granted to the Group as referred to in Note 16 are as follows:-

	2021 RM	2020 RM
Leasehold land	1,519,086	1,562,683

Included in right-of-use assets of the Group are motor vehicles with net carrying amount of RM2,712,556 (2020: RM2,799,198) held under the hire purchase arrangement with lease term of 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

5. INVESTMENT PROPERTIES

Group 2021	As at 1.1.2021 RM	Additions RM	Disposal RM	^Transfer RM	As at 31.12.2021 RM
Cost					
Freehold land	956,000	-	-	(646,000)	310,000
Building	1,422,000	-	-	(604,000)	818,000
	2,378,000	-	-	(1,250,000)	1,128,000

Group 2021	As at 1.1.2021 RM	Charge for the year RM	Disposal RM	^Transfer RM	As at 31.12.2021 RM
Accumulated depreciation					
Buildings	-	28,440	-	(12,080)	16,360
	-	28,440	-	(12,080)	16,360

Group 2020	As at 1.1.2020 RM	Additions RM	Disposal RM	^Transfer RM	As at 31.12.2020 RM
Cost					
FreeFreehold land	-	956,000	-	-	956,000
Building	-	3,194,000	(1,772,000)	-	1,422,000
	-	4,150,000	(1,772,000)	-	2,378,000

Group	2021 RM	2020 RM
Net carrying amount		
Freehold land	310,000	956,000
Buildings	801,640	1,422,000
	1,111,640	2,378,000

^ Transfer to asset classified as held for sale (Note 13)

The investment properties comprise commercial properties that are leased to a third party. It contains an initial period of 2 years. Subsequent renewals are negotiated with the lessee.

The fair value of investment properties is amounted to RM1,200,000 (2020: RM3,000,000). Fair value is estimated based on indicative valuation by external, independent valuers having appropriate recognised professional qualification. The investment properties are classified as Level 3 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

5. INVESTMENT PROPERTIES (Cont'd)

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

		GROUP 2021 RM	GROUP 2020 RM
Lease income		23,930	5,400
Direct operating expenses	- income generating investment property	2,258	509
	- non-income generating investment property	3,554	-

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	GROUP 2021 RM	GROUP 2020 RM
Not later than 1 year	-	16,200

6. INVESTMENTS IN SUBSIDIARIES

	COMPANY 2021 RM	COMPANY 2020 RM
At cost:-		
Unquoted shares	40,323,554	24,382,001

Details of the subsidiaries are as follows:-

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2021	Effective ownership interest 2020
Cabnet Systems (M) Sdn. Bhd.	Malaysia	Building management solutions which comprise structured cabling and extra low voltage ("ELV") systems	100%	100%
Cabnet Globe Pte. Ltd. *	Singapore	Dormant	100%	100%
CEE M&E Engineering Sdn. Bhd. @	Malaysia	Electrical contractor	100%	-
Held through a subsidiary, Cabnet Systems (M) Sdn. Bhd.				
Cabnet Systems (Penang) Sdn. Bhd.	Malaysia	In striking off process	100%	100%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2021	Effective ownership interest 2020
ITWin Technology Sdn. Bhd. ^	Malaysia	Information technology service as a complementary offering to building management solutions, general trading and services	100%	100%
Held through a subsidiary, ITWin Technology Sdn. Bhd.				
Amplogix Technology Sdn. Bhd.	Malaysia	Providing infrastructure for hosting, data processing services and related activities	100%	51%

* The subsidiary is not audited by Ecovis Malaysia PLT and it remained dormant during the financial year.

@ The subsidiary was newly acquired by the Company on 10 September 2021. The audited financial statements are not available and the management's financial statements were used in the preparation of the consolidated financial statements.

^ The subsidiary is 51% owned by Cabnet Systems (M) Sdn. Bhd. and 49% owned by the Company.

7. GOODWILL ON CONSOLIDATION

	GROUP 2021 RM	GROUP 2020 RM
Cost		
As at 1 January	98,942	98,942
Acquisition through business combination	5,936,156	-
As at 31 December	6,035,098	98,942

The goodwill is mainly associated with the acquisition of CEE M&E Engineering Sdn. Bhd. during the year (the "cash generating unit" or "CGU").

The recoverable amount for the goodwill were based on its value in use, determined by discounting the future cash flows to be generated from the CGU and were based on the following key assumptions:

i) Cash flows were projected based on past experience, actual operating results and 5-year plan and an estimated terminal value with zero growth rate;

ii) Revenue is projected based on growth rate of 3% on historical sales performance;

iii) Profit margins were based on historical performance and remain constant throughout the projected period;

iv) A pre-tax discount rate of 14% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. GOODWILL ON CONSOLIDATION (Cont'd)

Based on management assessment, the recoverable amount of the CGU was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

Based on the sensitivity analysis, any reasonably possible change in the key assumptions applied is not likely to cause the carrying amount of goodwill to exceed its recoverable amount.

8. DEFERRED TAX ASSETS

	GROUP	
	2021 RM	2020 RM
As at 1 January	718,000	(12,680)
Acquisition of subsidiary	47,886	-
Recognised in profit or loss (Note 22)	(56,610)	730,680
As at 31 December	709,276	718,000
<u>Represented by:</u>		
Deferred tax assets	1,038,077	876,700
Deferred tax liabilities	(328,801)	(158,700)
	709,276	718,000

The components of deferred tax assets and liabilities as at the end of the financial year, prior to offsetting are as follows:-

Deferred tax assets/(liabilities)	Property, plant and equipment RM	Contract assets RM	Allowance RM	Unabsorbed tax losses and capital allowances RM	Total RM
Group					
2021					
As at 1 January	(158,700)	-	418,099	458,601	718,000
Acquisition of subsidiary	(87,214)	63,100	72,000	-	47,886
Recognised in profit or loss	(74,620)	(71,367)	(237,722)	327,099	(56,610)
As at 31 December	(320,534)	(8,267)	252,377	785,700	709,276
Group					
2020					
As at 1 January	(227,600)	-	208,220	6,700	(12,680)
Recognised in profit or loss	68,900	-	209,879	451,901	730,680
As at 31 December	(158,700)	-	418,099	458,601	718,000

Deferred tax assets are mainly recognised for unutilised capital allowances and tax losses of Cabnet Systems (M) Sdn. Bhd., a subsidiary of the Company, to the extent that realisation of the related tax benefits through future taxable profits is probable.

Tax losses can be carried forward up to 7 consecutive years of assessments. Unutilised capital allowances do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

9. INVENTORIES

	GROUP	
	2021 RM	2020 RM
At costs:		
Project materials	1,821,177	1,778,403
Trading goods	881,441	300,808
	2,702,618	2,079,211
Less: Allowance for impairment	(146,167)	(152,952)
	2,556,451	1,926,259
Recognised in profit or loss: -		
Inventories recognised as cost of sales	26,672,887	29,710,724
(Reversal of)/Allowance for impairment loss on inventories	(6,785)	82,139

The reversal and allowance are included in cost of sales.

The movements in allowance for impairment on inventories are as follows:-

	GROUP	
	2021 RM	2020 RM
As at 1 January	152,952	70,813
Addition	-	82,139
Reversal	(6,785)	-
As at 31 December	146,167	152,952

10. CONTRACT ASSETS/(LIABILITIES)

	GROUP	
	2021 RM	2020 RM
Contract assets		
As at 1 January	17,629,902	25,241,010
Add: Acquisition of subsidiary	394,809	-
Add: Revenue recognised during the financial year	45,730,862	18,143,875
Less: Progress billings during the year	(41,006,548)	(25,754,983)
As at 31 December	22,749,025	17,629,902

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

10. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

	GROUP	
	2021 RM	2020 RM
Contract liabilities		
Advances from customers	3,129,114	-

The contract liabilities primarily relate to the advance consideration received from customers, which revenue is recognised overtime or at point in time for construction contracts, goods and services rendered. The contract liabilities are expected to be recognised as revenue in the next twelve months.

11. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables:-				
Receivables from contract customers				
- Third parties	29,399,211	18,087,079	-	-
- Retention sum	2,469,818	689,532	-	-
- Less: Allowance for impairment	(319,181)	(1,226,625)	-	-
	31,549,848	17,549,986	-	-
Other receivables:-				
Amount due by subsidiaries	-	-	19,088	3,915,592
Sundry receivables	67,347	146,630	-	-
Advances to suppliers	1,123,856	924,705	-	-
Deposits	221,917	350,051	11,000	53,400
Prepayments	327,280	216,869	1,136	1,119
	1,740,400	1,638,255	31,224	3,970,111
	33,290,248	19,188,241	31,224	3,970,111

Credit terms of trade receivables range from 30 days to 90 days (2020: 30 days to 90 days).

Retentions are unsecured, interest-free and are expected to be collected within periods ranging from 6 to 24 (2020: 6 to 24) months.

The amount due by subsidiaries is unsecured, interest-bearing advances and payments made on behalf. The amount is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (Cont'd)

Movements in the allowance for impairment on trade receivables in respect of:

	GROUP	
	2021 RM	2020 RM
As at 1 January	1,226,625	721
Addition	311,149	1,226,625
Reversal	(1,172,201)	(721)
Written off	(46,392)	-
As at 31 December	319,181	1,226,625

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits placed with licensed banks	4,063,195	2,340,825	-	-
Short-term deposits	525,563	1,664,699	-	-
Bank balances and cash	4,353,328	4,271,039	97,970	142,907
	8,942,086	8,276,563	97,970	142,907

(a) Short-term deposits represent investment in highly liquid money market instruments which are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits placed with licensed banks	4,063,195	2,340,825	-	-
Short-term deposits	525,563	1,664,699	-	-
Bank balances and cash	4,353,328	4,271,039	97,970	142,907
	8,942,086	8,276,563	97,970	142,907
Less: Deposits pledged with licensed banks (Note 16)	(4,063,195)	(2,340,825)	-	-
Less: Bank overdraft (Note 16)	(877,113)	-	-	-
Cash and cash equivalents	4,001,778	5,935,738	97,970	142,907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

12. CASH AND BANK BALANCES (Cont'd)

(c) The reconciliation of liabilities arising from financing activities are as follows:

	Lease liabilities RM	Loans and borrowings (exclude bank overdraft) RM	Total RM
As at 1 January 2020	1,127,817	8,473,762	9,601,579
Cash flows:			
Addition	1,366,370	13,326,863	14,693,233
Repayment	(375,296)	(14,623,768)	(14,999,064)
As at 31 December 2020	2,118,891	7,176,857	9,295,748
Cash flows:			
Addition	-	21,689,330	21,689,330
Repayment	(641,861)	(17,486,013)	(18,127,874)
Non-cash changes:			
Arising from business combination	693,438	1,832,000	2,525,438
As at 31 December 2021	2,170,468	13,212,174	15,382,642

13. ASSET CLASSIFIED AS HELD FOR SALE

	GROUP	
	2021 RM	2020 RM
Transfer from investment properties (Note 5)	1,237,920	-

On 11 October 2021, the Group entered into a Sale and Purchase Agreement for the disposal of freehold land and building, for a total consideration of RM1,330,000. Accordingly, the asset is reclassified to asset held for sale. The asset was stated at cost less accumulated depreciation at the date of reclassification. The disposal has been completed on 31 January 2022.

14. SHARE CAPITAL

	GROUP/COMPANY			
	2021		2020	
	Number	RM	Number	RM
Ordinary shares: -				
Issued and fully paid				
At 1 January/31 December	178,750,000	27,678,500	178,750,000	27,678,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

15. RESERVES

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Reserves				
Capital reserve	1,050,000	1,050,000	-	-
Translation reserve	(284)	(47)	-	-
Retained profits	15,941,043	14,770,187	11,617	743,377
	16,990,759	15,820,140	11,617	743,377

(a) Capital Reserve

Capital reserve consist of a transfer from retained profits arising from bonus issue of shares in a subsidiary company.

(b) Translation reserve

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

(c) Warrants

The movements of the warrants are as follows:-

	NUMBER OF WARRANTS OUTSTANDING			
	As at 1.1.2021	**Exercised**	**Expired**	**As at 31.12.2021**
Warrants A 2018/2021 *	65,000,000	-	(65,000,000)	-

* Warrants had expired on 2 July 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

16. LOANS AND BORROWINGS

	GROUP	
	2021	**2020**
	RM	**RM**
Non-current		
Secured		
- Term loans	4,142,806	4,094,418
Current		
Secured		
- Bank overdraft	877,113	-
- Bankers' acceptance	7,669,000	2,512,000
- Term loans	855,753	230,576
- Other trade finance	544,615	-
- Trust receipt	-	339,863
	9,946,481	3,082,439
	14,089,287	7,176,857

The loans and borrowings are secured by mean of:-

(a) legal charges over certain properties of the Group as disclosed in Note 3 and Note 4 to the financial statements;
(b) pledged of fixed deposit as referred to in Note 12;
(c) corporate guarantee by the Company; and
(d) jointly and severally guaranteed by certain directors of Group.

17. LEASE LIABILITIES

	GROUP	
	2021	**2020**
	RM	**RM**
Non-current		
Lease obligation	-	1,149
Hire purchase payables	1,530,544	1,538,299
	1,530,544	1,539,448
Current		
Lease obligation	12,679	13,730
Hire purchase payables	627,245	565,713
	639,924	579,443
	2,170,468	2,118,891

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

17. LEASE LIABILITIES (Cont'd)

The lease liabilities for the right-of-use assets as referred to in Note 4 are initially measured at the present value of the lease payments that are not paid at the commencement date.

The Group has recognised the lease payments associated with short-term leases and low value assets on a straight-line bases over the lease terms as rental expenses, as disclosed in Note 21 to the financial statements.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Non-current:				
Other payables:-				
Deferred consideration	8,043,553	-	8,043,553	-
Current:				
Trade payables:-				
Third parties	17,283,837	9,553,989	-	-
Other payables:-				
Due to subsidiaries	-	-	2,614,026	-
Due to a director of subsidiary	62,000	-	-	-
Sundry payables	2,587,298	1,184,158	12,032	3,672
Deposits received	109,800	8,100	-	-
Advances from customers	-	28,917	-	-
Accruals	1,696,247	1,943,174	122,990	88,351
Deferred consideration	2,000,000	-	2,000,000	-
	6,455,345	3,164,349	4,749,048	92,023
	23,739,182	12,718,338	4,749,048	92,023

Credit terms of trade payables range from 30 days to 90 days (2020: 30 days to 90 days).

The amount due to subsidiaries consists of non-trade payable and unsecured interest-bearing advances which is repayable on demand.

Sundry payables of the Group consist of advances from a shareholder amounting to RM2,000,000 (2020: Nil) which is unsecured, interest-free and repayable within 12 months.

The deferred consideration amounting to RM10,043,553 represents the unpaid balances of the fair value of purchase consideration in relation to the acquisition of subsidiary as referred to in Note 30.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

19. REVENUE

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Revenue from contract with customers				
Construction activities	45,730,862	18,143,875	-	-
Sales of goods and services	22,175,691	24,024,090	-	-
Dividend income	-	-	75,000	440,600
	67,906,553	42,167,965	75,000	440,600
Timing of revenue recognised:-				
Over time	45,730,862	18,143,875	-	-
At a point in time	22,175,691	24,024,090	75,000	440,600
	67,906,553	42,167,965	75,000	440,600

The nature of Group's business activities is as disclosed in Note 24. Credit terms of trade receivables range from 30 days to 90 days (2020: 30 days to 90 days). For construction activities, defect liability period of 12 to 36 months is given to the customers.

20. FINANCE COSTS

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- lease liabilities	99,276	51,829	-	-
- term loans	153,318	166,985	-	-
- inter-company loans	-	-	38,833	-
- bank overdraft	22,594	-	-	-
- bankers' acceptance	231,644	197,273	-	-
- trust receipts charges	11,265	1,135	-	-
- letter of credit charges	1,175	2,116	-	-
- other trade finance	5,336	-	-	-
	524,608	419,338	38,833	-
Bank charges and commitment fee	59,063	45,531	-	-
	583,671	464,869	38,833	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

21. PROFIT/(LOSS) BEFORE TAX

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax are stated after charging/(crediting):-				
Auditors' remuneration:				
- current year	85,676	78,476	25,000	24,000
- non-audit fees	14,000	2,000	14,000	2,000
Bad debts written off	12,000	-	-	-
Depreciation of:				
- property, plant and equipment	730,566	648,535	1,376	1,076
- right-of-use assets	674,182	515,682	-	-
- investment properties	28,440	-	-	-
Allowance for impairment loss on:				
- inventories	-	82,139	-	-
- trade receivables	311,149	1,226,625	-	-
Loss on disposal of				
- investment properties	-	69,165	-	-
Realised loss on foreign exchange	11,781	8,962	-	-
Low value asset lease:				
- equipment	6,021	25,326	-	-
Short-term lease:				
- premises	76,315	52,524	-	-
- vehicle	221	-	-	-
Dividend income	-	-	(75,000)	(440,600)
Gain on disposal of:-				
- property, plant and equipment	(3,700)	(9,640)	-	-
- right-of-use assets	-	(44,589)	-	-
Government wages subsidy	(243,000)	(326,800)	-	-
Reversal of allowance for impairment loss on:				
- inventories	(6,785)	-	-	-
- trade receivables	(1,172,201)	(721)	-	-
Interest income	(245,343)	(132,435)	(50,516)	(129,030)
Realised gain on foreign exchange	(3,928)	-	-	-
Rental income	(76,630)	(59,167)	-	-
Executive directors' remuneration:-				
- fees				
• directors of the Company	132,000	163,000	30,000	55,000
• directors of the subsidiaries	40,000	36,000	-	-
- salaries and other emoluments:				
• directors of the Company	577,763	715,445	-	-
• directors of the subsidiaries	578,025	522,172	-	-
- contribution to state plans:				
• directors of the Company	97,346	123,793	-	-
• directors of the subsidiaries	77,076	51,402	-	-
Non-executive directors' remuneration:-				
- fees	171,000	163,500	171,000	163,500
- other emoluments	13,500	16,800	13,500	16,800
Staff costs (excludes directors' remuneration):-				
- wages, salaries and others	6,711,383	6,116,619	-	-
- contribution to state plans	802,835	707,432	-	-
- other personnel costs	113,340	82,591	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

22. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Recognised in profit or loss:-				
Current tax expense: -				
Malaysian				
- current year	692,238	478,659	4,958	16,923
- prior years	947	1,615	-	-
	693,185	480,274	4,958	16,923
Deferred tax expense: -				
Relating to origination and reversal of temporary differences (Note 8)				
- current year	68,510	(707,955)	-	-
- prior years	(11,900)	(22,725)	-	-
	56,610	(730,680)	-	-
Total income tax expense	749,795	(250,406)	4,958	16,923
Reconciliation of tax expense:-				
Profit/(Loss) before tax	1,959,037	(4,760,965)	(726,802)	53,213
Income tax calculated using Malaysian tax rate of 24%	470,169	(1,142,632)	(174,432)	12,771
Income not subject to tax	(385,761)	(48,326)	(18,000)	(105,744)
Non-deductible expenses	676,340	373,662	197,390	109,896
Deferred tax asset not recognised during the year	-	588,000	-	-
(Over)/Underprovided in prior years				
- Income tax	947	1,615	-	-
- Deferred tax	(11,900)	(22,725)	-	-
Tax expense for the year	749,795	(250,406)	4,958	16,923

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2021 RM	2020 RM
Unabsorbed tax losses	-	588,000

Potential deferred tax assets are not recognised in the financial statements because it is not probable that sufficient taxable profit will be available in the future to offset the tax credits. The unutilised tax losses can be carried forward for 7 consecutive years of assessment under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings per ordinary share at the end of reporting year was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding excluding treasury shares held by the Company, calculated as follows:

	GROUP 2021	GROUP 2020
Profit/(Loss) attributable to ordinary shareholders (RM)	1,211,598	(4,512,114)
Weighted average number of ordinary shares at 31 December	178,750,000	178,750,000
Basic earnings/(loss) per ordinary share (sen)	0.68	(2.52)

Diluted earnings/(loss) per ordinary share

The basic and diluted earnings per shares are the same. The warrants are not included in the calculation in prior year as the effect is anti-dilutive.

24. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's activities are mainly confined to a single operating segment predominantly operates in Malaysia. The Group is principally involved in the provision of mechanical and electrical engineering services, structured cabling works, ELV systems and ICT services.

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Financial assets measured at fair value through profit or loss ('FVTPL');
(ii) Financial assets measured at amortised cost ('FAAC'); and
(iii) Financial liabilities measured at amortised cost ('FLAC')

	GROUP Carrying amount RM	GROUP FVTPL RM	GROUP FAAC/ (FLAC) RM	COMPANY Carrying amount RM	COMPANY FAAC/ (FLAC) RM
31 December 2021					
Financial assets					
Trade receivables	31,549,848	-	31,549,848	-	-
Other receivables (exclude prepayment and advances to suppliers)	289,264	-	289,264	30,088	30,088
Cash and bank balances	8,942,086	525,563	8,416,523	97,970	97,970
	40,781,198	525,563	40,255,635	128,058	128,058

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

25. FINANCIAL INSTRUMENTS (Cont'd)

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

	GROUP			COMPANY	
	Carrying amount RM	FVTPL RM	FAAC/ (FLAC) RM	Carrying amount RM	FAAC/ (FLAC) RM
Financial liabilities					
Trade payables	(17,283,837)	-	(17,283,837)	-	-
Other payables	(14,498,898)	-	(14,498,898)	(12,792,601)	(12,792,601)
Loans and borrowings	(14,089,287)	-	(14,089,287)	-	-
	(45,872,022)	-	(45,872,022)	(12,792,601)	(12,792,601)
31 December 2020					
Financial assets					
Trade receivables	17,549,986	-	17,549,986	-	-
Other receivables (exclude prepayment and advances to suppliers)	496,681	-	496,681	3,968,992	3,968,992
Cash and bank balances	8,276,563	1,664,699	6,611,864	142,907	142,907
	26,323,230	1,664,699	24,658,531	4,111,899	4,111,899
Financial liabilities					
Trade payables	(9,553,989)	-	(9,553,989)	-	-
Other payables (exclude advances from customers)	(3,135,432)	-	(3,135,432)	(92,023)	(92,023)
Loans and borrowings	(7,176,857)	-	(7,176,857)	-	-
	(19,866,278)	-	(19,866,278)	(92,023)	(92,023)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(c) Credit risk

Credit risk is the risk of a financial loss to the Group 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 the individual characteristics of its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

25. FINANCIAL INSTRUMENTS (Cont'd)

(c) Credit risk (Cont'd)

(i) Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk
The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

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

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

The Group does not require collateral in respect of trade, other receivables and contract assets. The Group does not have trade receivable for which no loss allowance is recognised because of collateral.

Concentration of credit risk
About 100% (2020: 100%) of the Group's trade, other receivables and contract assets were concentrated within Malaysia and spread out evenly between large, medium and small customers. There was no significant exposure to single customer or to industry groups.

Expected credit loss assessment for customers
When an account is more than 180 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 365 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

The Group uses a provision matrix that categories the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions.

For contract assets, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments. It has low risk of default as they have a strong capacity to meet their debts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

25. FINANCIAL INSTRUMENTS (Cont'd)

(c) Credit risk (Cont'd)

(i) Trade receivables and contract assets

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables:-

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
2021			
Current (Not past due)	6,346,640	-	6,346,640
Past due 0 to 30 days	2,567,114	-	2,567,114
Past due 31 to 120 days	4,844,720	-	4,844,720
Past due more than 120 days	18,110,556	-	18,110,556
	31,869,029	-	31,869,029
Credit impaired			
General impaired	-	(81,695)	(81,695)
Individually impaired	-	(237,486)	(237,486)
	31,869,029	(319,181)	31,549,848
Group			
2020			
Current (Not past due)	7,563,702	-	7,563,702
Past due 0 to 30 days	1,917,917	-	1,917,917
Past due 31 to 120 days	3,727,406	-	3,727,406
Past due more than 120 days	5,567,586	-	5,567,586
	18,776,611	-	18,776,611
Credit impaired			
General impaired	-	(106,446)	(106,446)
Individually impaired	-	(1,120,179)	(1,120,179)
	18,776,611	(1,226,625)	17,549,986

The trade receivables are substantially arising from active corporate clients with long business relationship with the Group, in which the amounts are deemed to be recoverable, with low probability of default.

There are no individual nor collective impairments on the contract assets.

(ii) Cash and bank balances

The cash and bank balances are mainly held with bank and financial institution counterparties, which have financial strength and are reputable with high credit rating and no history of default. 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.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and bank balances have low credit risk based on the creditworthiness of the counterparties.

25. FINANCIAL INSTRUMENTS (Cont'd)

(c) Credit risk (Cont'd)

(iii) Other receivables

Credit risk on other receivables is mainly arising from sundry debtors and deposits receivables. The Group monitors the repayment on an individual and 12-month expected loss basis.

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.

(iv) Inter-company loans and advances

The Company provides unsecured loans and advances to a subsidiary. The Company monitors the results of the subsidiary regularly.

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, there was no indication that the loans and advances to the related companies are not recoverable.

(v) Financial guarantees

The Group and the Company provide unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and third parties in relation to contracts and trade performance as disclosed in Note 28. The Group and the Company monitor on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Generally, the Group and the Company consider the financial guarantees to be of low credit risk as the guarantees are provided as credit enhancement to the subsidiaries in relation to banking facilities and third parties in relation to contracts and trade performance.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company 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, loans and borrowings.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

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

25. FINANCIAL INSTRUMENTS (Cont'd)

(d) Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Group						
2021						
Non-derivative financial liabilities						
Trade and other payables						
- Deferred consideration	10,043,553	1.79% - 2.09%	10,290,000	2,000,000	8,290,000	-
- Others	21,739,182	-	21,739,182	21,739,182	-	-
Loans and borrowings:						
- Bank overdraft	877,113	6.67%	877,113	877,113	-	-
- Bankers' acceptance	7,669,000	2.99% - 3.26%	7,669,000	7,669,000	-	-
- Term loans	4,998,559	3.17% - 4.00%	6,310,520	1,006,740	2,026,320	3,277,460
- Other trade finance	544,615	5.42%	544,615	544,615	-	-
Lease liabilities	2,170,468	3.31% - 6.08%	2,391,740	738,569	1,653,171	-
	48,042,490		49,822,170	34,575,219	11,969,491	3,277,460

25. FINANCIAL INSTRUMENTS (Cont'd)

(d) Liquidity risk (Cont'd)

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Group						
2020						
Non-derivative financial liabilities						
Trade and other payables	12,718,338	-	12,718,338	12,718,338	-	-
Loan and borrowings:						
- Bankers' acceptance	2,512,000	3.13% - 3.22%	2,512,000	2,512,000	-	-
- Term loans	4,324,994	3.22% - 4.00%	5,770,096	424,000	2,060,360	3,285,736
- Trust receipt	339,863	5.95% - 6.92%	339,863	339,863	-	-
Lease liabilities	2,118,891	3.31% - 6.25%	2,333,845	668,196	1,665,649	-
	22,014,086		23,674,142	16,662,397	3,726,009	3,285,736
Company						
2021						
Non-derivative financial liabilities						
Other payables						
- Due to subsidiaries	2,614,026	3.50%	2,614,026	2,614,026	-	-
- Deferred consideration	10,043,553	1.79% - 2.09%	10,290,000	2,000,000	8,290,000	-
- Others	135,022	-	135,022	135,022	-	-
	12,792,601		13,039,048	4,749,048	8,290,000	-
Company						
2020						
Non-derivative financial liabilities						
Other payables	92,023	-	92,023	92,023	-	-
	92,023		92,023	92,023	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

25. FINANCIAL INSTRUMENTS (Cont'd)

(e) Market risk
Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's financial position or cash flows.

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. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk
The Group managed interest rate risk through effective use of its floating and fixed rate debts in a cost-efficient manner.

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 was:

	GROUP	
	2021	**2020**
	RM	**RM**
Fixed rate instruments		
Financial assets	4,063,195	2,340,825
Financial liabilities	(5,421,567)	(4,970,754)
	(1,358,372)	(2,629,929)
Floating rate instruments		
Financial assets	525,563	1,664,699
Financial liabilities	(10,838,188)	(4,324,994)
	(10,312,625)	(2,660,295)

Interest rate risk sensitivity analysis

- *Fair value sensitivity analysis for fixed rate instrument*
  The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. 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 50 basis points ("bp") in interest rates during the reporting period would have increased or decreased Group's post-tax profit or loss by approximately RM39,188 (2020: RM6,121).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

25. FINANCIAL INSTRUMENTS (Cont'd)

(f) Fair value of financial instruments

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

The carrying amount of the current portion of loans and borrowings and lease liabilities are reasonable approximate of fair value due to the insignificant impact of discounting.

The carrying amount of the non-current portion of term loans that carry floating interest rates approximate their fair value as they are re-priced to market interest rates on or near the reporting date. The carrying amount of hire purchase payables that carry fixed interest rates approximate their fair values as the impact of discounting is not material.

The fair value of short-term deposits invested in money market instruments was determined at their quoted closing bid prices at the end of the reporting period and are classified as Level 1.

26. CAPITAL COMMITMENTS

	GROUP	
	2021 RM	**2020 RM**
Contracted but not provided for:		
Property, plant and equipment	557,080	-

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2021.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total equity. Net debt comprises borrowings less cash and bank balances whereas total equity comprises the equity attributable to equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

27. CAPITAL MANAGEMENT (Cont'd)

The debt-to-equity ratios were as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Lease liabilities	2,170,468	2,118,891	-	-
Loans and borrowings	14,089,287	7,176,857	-	-
Less: Cash and bank balances	(8,942,086)	(8,276,563)	(97,970)	(142,907)
Net debt	7,317,669	1,019,185	(97,970)	(142,907)
Total equity	44,669,259	43,498,640	27,690,117	28,421,877
Debt-to-equity ratio	0.16	0.02	N/A	N/A

N/A = not applicable

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

28. CONTINGENT LIABILITIES

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economics benefits will be required or the amount is not capable of reliable measurement.

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Bank guarantees given to third parties in relation to contracts and trade performance	5,780,607	3,134,846	-	-
Corporate guarantee given to licensed banks for credit facility granted to subsidiaries	-	-	14,089,287	7,200,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

29. RELATED PARTIES

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 the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

The Group has related party relationship with its subsidiaries, significant investors, directors and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
A. Subsidiaries				
Dividend income	-	-	(75,000)	(440,600)
Interest income	-	-	(49,015)	(106,725)
Interest expenses	-	-	38,833	-
B. Key management personnel				
Short-term employee benefits:				
- Executive directors' remuneration	1,502,210	1,611,812	30,000	55,000
- Non-executive directors' remuneration	184,500	180,300	184,500	180,300
- Other key management personnels' remuneration	260,434	258,120	-	-
C. Companies in which directors have significant influence				
Sales of goods	(46,930)	(409,355)	-	-

The estimated monetary value of benefits-in-kind provided to Group's directors and key management personnel is RM128,075 (2020: RM85,869). Significant related party balances related to the above transactions are disclosed in respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

30. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS AND ASSOCIATES

a) Acquisition of subsidiary

On 12 May 2021, the Board of Directors of the Company has announced to undertake the proposed acquisition of 800,000 ordinary shares in CEE M&E Engineering Sdn. Bhd. (''CEE''), representing 100% equity interest in CEE, for a purchase consideration of RM16,290,000, to be fully satisfied in cash. By combining the electrical contractor operations of CEE, the Group expects to extract synergies for the combined operations, which would able to offer its customer greater value proposition as a single provider.

The investment in CEE has been completed on 10 September 2021. Accordingly, CEE is a wholly-owned subsidiary of the Company with effect from 10 September 2021.

Fair value of the identifiable assets acquired and the liabilities assumed

	2021 RM
Property, plant and equipment	3,903,661
Right-of-use assets	1,598,627
Deferred tax assets	47,886
Contract assets	394,809
Trade and other receivables	17,195,168
Deposits placed with licensed banks	1,138,073
Bank balances and cash	970,785
Trade and other payables	(11,804,687)
Loans and borrowings	(1,832,000)
Lease liabilities	(693,438)
Current tax liabilities	(811,487)
Net assets assumed	10,107,397
Goodwill on consolidation	5,936,156
Fair value of consideration transferred	16,043,553

The goodwill is attributable mainly to the skills and technical talent of CEE's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business.

The Company incurred acquisition-related costs of RM432,825 and have been included in administrative expenses in the statement of profit or loss and other comprehensive income.

30. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS AND ASSOCIATES (Cont'd)

a) Acquisition of subsidiary (Cont'd)

Effects of acquisition on cash flows

	2021 RM
Fair value of consideration transferred	16,043,553
Less: Cash and cash equivalents acquired	(970,785)
Less: Deferred consideration (Note 18)	(10,043,553)
Acquisition of subsidiary, net of cash acquired	5,029,215

The fair value of the purchase consideration amounting to RM16,043,553 was determined at the date of acquisition and has been recognised as investment in subsidiary. Considering that certain payment tranche of the total purchase consideration RM16,290,000 will only be paid later than one year, the fair value was calculated based on the risk-free rate ranged from 1.79% to 2.09% which extracted from Bank Negara Malaysia. The corresponding liability is shown as deferred consideration as referred to in Note 18.

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2021 RM
Revenue	8,883,368
Profit for the financial period	1,012,675

If the acquisition had occurred on 1 January 2021, the consolidated results for the financial year ended 31 December 2021 would have been as follows:

	2021 RM
Revenue	20,971,907
Loss for the financial year	(7,512,708)

b) Acquisition of non-controlling interests - Amplogix

On 3 May 2021, ITWin Technology Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 100% equity interest in Amplogix Technology Sdn. Bhd. (''Amplogix'') from the Company (51% equity interest) and non-controlling interests (49% equity interest), for a total consideration of RM200,000 to be fully satisfied in cash. Accordingly, Amplogix is a wholly-owned subsidiary of ITWin Technology Sdn. Bhd. with effect from 3 May 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

30. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS AND ASSOCIATES (Cont'd)

b) Acquisition of non-controlling interests - Amplogix (Cont'd)

The effect of the increase in the Group's ownership in Amplogix is as follows:

	2021 RM
Cash consideration paid to non-controlling interests	98,000
Increase in share of net assets	(57,258)
Excess charged directly to retained profits	40,742

The effect of changes in the equity interest in Amplogix is as follows:

	2021 RM
Equity interest as at 1 January 2021	62,048
Effect of increase in Company's ownership interest	57,258
Share of post acquisition comprehensive income	15,742
Equity interest as at 31 December 2021	135,048

31. COMPARATIVE FIGURES

The financial statements of previous year which are presented for comparative purposes were examined and reported on by another firm of auditors. Certain comparative figures have been reclassified where necessary to conform to the current year's presentation.

The following comparative figures have been reclassified as:-

	GROUP		
	As previously stated RM	Adjustment RM	As restated RM
Statements of financial position			
Property, plant and equipment	15,347,966	(4,376,436)	10,971,530
Right-of-use assets	-	4,376,436	4,376,436
Short-term deposits	1,664,699	(1,664,699)	-
Fixed deposits with licensed banks	2,340,825	(2,340,825)	-
Cash and bank balances	4,271,039	4,005,524	8,276,563
Statements of profit or loss and other comprehensive income			
Other income	781,733	(721)	781,012
Administrative expenses	(9,549,413)	1,226,625	(8,322,788)
Net impairment loss on financial instruments	-	(1,225,904)	(1,225,904)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

32. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(i) Material Litigation

On 17 January 2019, Cabnet Systems (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, had initiated legal actions, and the extracts are as below:

Shah Alam High Court (Construction Court) – Suit No. BA-24C-5-01/2019 between Cabnet Systems (M) Sdn Bhd ("Plaintiff"), Dekad Kaliber Sdn Bhd ("1st Defendant") and Rimarisan Sdn Bhd ("2nd Defendant"):

By way of Originating Summons, on 17 January 2019, the Plaintiff had initiated an action under Section 30 of the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) against the abovementioned Defendants to obtain full payment of the adjudication sum of RM1,155,874.10.

Prior to this action, the Plaintiff had pursued adjudication proceedings against Synergycentric Sdn Bhd ("Synergycentric") and obtained Adjudication Decision on 1 November 2018 which was in favour of the Plaintiff. However, Synergycentric has gone into liquidation and has not made any settlement to the adjudication sum. As such, the Plaintiff pursues an action against the principals of Synergycentric, i.e. 1st and 2nd Defendants under Section 30 of the CIPAA 2012.

The case managements were held on 5 March 2019, 29 March 2019, 4 April 2019, 17 April 2019, 2 May 2019, 23 May 2019, 31 May 2019, 20 June 2019, 20 August 2019, 20 January 2020, 17 February 2020, 26 February 2020, 2 March 2020, 31 March 2020 as well as 11 June 2020 and the hearings were held on 31 May 2019, 19 June 2019, 7 October 2019, 18 December 2019, 8 April 2020, 8 January 2021 and 16 February 2021.

(1) Following the hearing held on 8 January 2021, the Judge was only able to hear Plaintiff application to adduce fresh and further evidence due to time constraints, hence of the hearing of the 2nd defendant main appeals has adjourned to 16 February 2021.

(2) Further to the hearing held on 16 February 2021 for the Plaintiff and 2nd Defendant appeals, the Court's decision for the said appeals will be delivered on 17 March 2021.

(3) On 17 March 2021, the Court of Appeal has dismissed 2nd Defendant appeals on the view that the letter of undertaking creates a contractual obligation on 2nd Defendant to make payments to the Plaintiff. As for the Plaintiff's appeal on the adjudication cost, the Court of Appeal has dismissed the appeal on the view that Section 30 of CIPAA does not allow for a claim for adjudication cost.

(4) The matter in respect of Construction Court Suit have concluded as the Judgment dated 18 December 2019 was upheld by the Court of Appeal on 17 March 2021. The adjudication sum with the cost and interest therein has been paid by 2nd Defendant on 29 June 2021.

Shah Alam High Court (Civil Division) – Suit No. BA-22NCvC-28-01/2019 between Cabnet Systems (M) Sdn Bhd ("Plaintiff"), Dekad Kaliber Sdn Bhd ("1st Defendant") and Rimarisan Sdn Bhd ("2nd Defendant"):

The case management were held on 18 February 2019, 4 April 2019, 17 April 2019 and 8 January 2020, 24 February 2020, 31 March 2020, 15 May 2020, 1 September 2020, 12 October 2020, 21 October 2020, 12 November 2020, 4 January 2021, 14 June 2021 and 25 November 2021, the hearings were held on 21 May 2019, 29 July 2019 and 14 July 2020 as well as the trial was held on 16 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

32. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END (Cont'd)

(i) Material Litigation (Cont'd)

(1) Case management adjourned previously was held on 4 January 2021, the Court has fixed trial dates on 9 June 2021 to 11 June 2021 and 14 June 2021 to 16 June 2021. Parties need to file Witness Statements before 31 May 2021.

(2) In light of the MCO 3.0 imposed starting from 1 June 2021, the Court has on 31 May 2021 informed that the trial originally fixed on 14 June 2021 to 16 June 2021 will be adjourned and converted into virtual case management. The new trial dates to be decided and informed by the Court later.

(3) Following the virtual case management held on 14 June 2021, the Court has fixed the new trial dates from 21 February 2022 to 23 February 2022. All parties need to file witness statements 1 month before trial date.

(4) Following the case management held on 25 November 2021, the Plaintiff had informed the Court of the intention to withdraw the action. After hearing oral submissions from parties, the Judge had allowed the Plaintiff's application to withdraw the action with costs of RM10,000 to be pay to the 2nd Defendant. The cost had been paid to 2nd Defendant on 13 January 2022.

(ii) Purchase of property

On 25 January 2022, the Group had entered into a Sale and Purchase Agreement to purchase a property located at Masai, Johor at purchase consideration of RM970,000, to be fully satisfied in cash.

LIST OF PROPERTIES

Location	Tenure (approximate age of building)	Description	Area in Square Feet (approximate)	Existing Use	Registered Owner	Carrying amount as at 31.12.2021 (RM)	Date of Purchase
No. 100, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Freehold (27 years)	3-storey intermediate shop house	4,620 (Built-up area)	Rented for office use	Cabnet Systems (M) Sdn Bhd	504,044	9 Feb 2000
No. G-02, 1-02 and 2-02, Puchong Square, Jalan Layang-Layang 5, Bandar Puchong Jaya, 47170 Puchong, Selangor	Freehold (9 years)	3-storey intermediate shop house	5,727 (Built-up area)	Office	Cabnet Systems (M) Sdn Bhd	1,922,260	27 Aug 2012
No. 182, Jalan Mempelam, Taman Kota Jaya, 81900 Kota Tinggi, Johor Darul Takzim.	Freehold (23 years)	Double-storey intermediate shop house	3,520 (Built-up area)	Shop	Cabnet Systems (M) Sdn Bhd	229,704	31 Jul 2003
A-PH-07, Pangsapuri Casa Subang, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor.	Freehold (13 years)	Service apartment	1,555 (Built-up area)	Hostel	Cabnet Systems (M) Sdn Bhd	511,704	27 Dec 2016
#13-11, Tower A Pangsapuri Seri Kencana Setia Jalan Storey, Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim.	Freehold (4 years)	Service apartment	400 (Built-up area)	Hostel	Cabnet Systems (M) Sdn Bhd	284,070	9 Jun 2016
Parcel No. 2-36-06, M-City Ampang, No. 326, Jalan Ampang, 48020 Kuala Lumpur	Freehold (3 year)	Service apartment	1,084 (Built-up area)	Vacant	Cabnet Systems (M) Sdn Bhd	1,062,862	6 Dec 2017
#29-06, Tower A Pangsapuri Seri Kencana Setia Jalan Storey, Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim.	Freehold (4 years)	Service apartment	1,145 (Built-up area)	Vacant	Cabnet Systems (M) Sdn Bhd	816,000	3 Sep 2019
No. 18 PLO (184), Jalan Angkasa Mas 6 Taman Perindustrian II, 81100 Johor Bahru, Johor.	60 years leasehold expiring on 21.05.2053 (28 years)	Detached factory	18,619 (Built-up area)	Office & Warehouse	Cabnet Systems (M) Sdn Bhd	3,992,915	17 Sep 2019
No. 16, Jalan Adda 6/11, Taman Adda, 81100 Johor Bahru, Johor.	Freehold (8 years)	Double-storey link bungalow	3,135 (Built-up area)	For Investment Purpose	Cabnet Systems (M) Sdn Bhd	1,237,920	10 Dec 2020

LIST OF PROPERTIES (CONT'D)

Location	Tenure (approximate age of building)	Description	Area in Square Feet (approximate)	Existing Use	Registered Owner	Carrying amount as at 31.12.2021 (RM)	Date of Purchase
PTD 11025 H.S.(D) 38609 Mukim Pantai Timur, Daerah Kota Tinggi (Taman Sri Penawar - Desaru Avenue),	99 years leasehold expiring on 06.12.2115 (3 years)	Double-storey corner shop house	1,988 (Built-up area)	Vacant	ITWIN Technology Sdn Bhd	975,255	15 May 2017
No. 7, 7A, 7B, 7C, Jalan Lembah 17, Bandar Seri Alam, 81750 Masai, Johor Bahru, Johor.	Freehold (6 years)	4-storey shop office	7,680 (Built-up area)	For Investment Purpose	ITWIN Technology Sdn Bhd	1,111,640	28 Sep 2020
No. 23, Jalan Perniagaan Setia 3, Taman Perniagaan Setia, 81100 Johor Bahru, Johor.	Freehold (8 years)	Cluster factory	7,096 (Built-up area)	Office & Warehouse	CEE M&E Engineering Sdn Bhd	1,996,124	17 Apr 2014
#22-01, Tower A Pangsapuri Seri Kencana Setia Jalan Storey, Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim.	Freehold (4 years)	Service apartment	1,049 (Built-up area)	Vacant	CEE M&E Engineering Sdn Bhd	714,792	27 May 2016
A-PH-12, Pangsapuri Casa Subang, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor.	Freehold (13 years)	Service apartment	1,555 (Built-up area)	Hostel	CEE M&E Engineering Sdn Bhd	665,833	17 Oct 2017
#11-12, Bayu Marina, Jalan Bayu Puteri 2/1, Taman Bayu Puteri, 80150, Johor Bahru, Johor Darul Takzim.	99 years leasehold expiring on 27.12.2105 (16 years)	Apartment	841 (Built-up area)	Vacant	CEE M&E Engineering Sdn Bhd	318,621	19 Mar 2009
#B-19-05, Pangsapuri Aman Larkin, Jalan Larkin, 80350, Johor Bahru Johor.	99 years leasehold expiring on 17.10.2109 (6 years)	Apartment	1,195 (Built-up area)	Hostel	CEE M&E Engineering Sdn Bhd	468,572	22 Mar 2013
Total:						16,812,316	

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 31 MARCH 2022

Issued and paid up capital	:	RM27,678,500-00 comprised of 178,750,000 ordinary shares fully paid
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS ACCORDING TO STATISTICAL SUMMARY OF THE RECORD OF DEPOSITORS AS AT 31 MARCH 2022

Size of Share Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 to 99	67	6.18	2,835	0.00
100 to 1,000	106	9.77	39,890	0.02
1,001 to 10,000	418	38.52	2,344,521	1.31
10,001 to 100,000	398	36.68	14,041,173	7.86
100,001 to 8,937,499 (*)	92	8.48	41,040,331	22.96
8,937,500 and above (**)	4	0.37	121,281,250	67.85
TOTAL	**1,085**	**100.00**	**178,750,000**	**100.00**

* Less than 5% of Issued Shares
** 5% and above of Issued Shares

LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2022

No.	Name of shareholders	No. of shares held	%
1	KUOPACIFIC STRATEGIC SDN BHD	55,412,500	31.00
2	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR DRAGONBAY GLOBAL PTE LTD	35,750,000	20.00
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR TAN BOON SIANG (12021392) (433746)	17,118,750	9.58
4	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HONG SING	13,000,000	7.27
5	TAY HONG SING	4,448,750	2.49
6	EDWIN TAN PEI SENG	3,091,300	1.73
7	LIM LAI AN	2,918,000	1.63
8	SIM YIAN FEI	2,300,000	1.29
9	CHAN YEE HUA	2,028,500	1.13
10	YAP SWEE SANG	1,305,500	0.73
11	RYAN TAN HIAN WHAI	1,231,750	0.69
12	HO CHEE HONG	1,100,000	0.61
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL)	1,000,000	0.56
14	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUAH CHONG SIN	822,200	0.46
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TAK KEONG (6000698)	756,250	0.42
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG THIAM YUEN (E-SPG/PJN)	742,275	0.41
17	TAN BOON SIANG	618,750	0.35
18	LIEW SHIH SENG	600,000	0.34
19	AU SHIUN CHOUR	550,000	0.31
20	YAP SWEE SANG	538,000	0.30
21	LIM YANG PEI	518,500	0.29
22	TAN TIAN YEE	500,000	0.28

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 29 MARCH 2021 (Cont'd)

No.	Name of shareholders	No. of shares held	%
23	ONG PUAY LEE	449,350	0.25
24	NAH CHOON JECK	434,900	0.24
25	YONG MEW SENG	400,000	0.22
26	CHONG KAH SIONG	396,800	0.22
27	TAN AH HENG	392,562	0.22
28	CHEN SHI CHENG	351,000	0.20
29	TAN KOK HONG @ TAN YI	343,750	0.20
30	LIM LAI AN	341,000	0.19
	TOTAL	**149,460,387**	**83.61**

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022
(As per Register of Substantial Shareholders)

		No. of shares held			
No.	Name of shareholders	Direct Interest	%	Deemed Interest	%
1	TAY HONG SING	17,448,750	9.76	-	-
2	TAN BOON SIANG	17,737,500	9.92	-	-
3	KUOPACIFIC STRATEGIC SDN BHD	55,412,500	31.00	-	-
4	KUOPACIFIC DEELUCC SDN BHD [1]	-	-	55,412,500 [1]	31.00
5	DENZEL WILSON KUOSASTRA [2]	-	-	55,412,500 [2]	31.00
6	WILIARTO KUOSASTRA [3]	-	-	55,412,500 [3]	31.00
7	DRAGONBAY GLOBAL PTE LTD	35,750,000	20.00	-	-
8	VINCENT TAI SEH KIAT [4]	-	-	35,750,000 [4]	20.00

Notes:-

[1] *Deemed interest by virtue of Section 8 of the Companies Act, 2016 through its shareholding in Kuopacific Strategic Sdn Bhd.*

[2] *Deemed interest by virtue of Section 8 of the Companies Act, 2016 through his shareholding in Kuopacific Deelucc Sdn Bhd and his father, Mr Wiliarto Kuosastra shareholdings in Kuopacific Strategic Sdn Bhd.*

[3] *Deemed interest by virtue of Section 8 of the Companies Act, 2016 through his shareholding in Kuopacific Strategic Sdn Bhd and his son, Mr Denzel Wilson Kuosastra shareholdings in Kuopacific Deelucc Sdn Bhd.*

[4] *Deemed interest by virtue of Section 8 of the Companies Act, 2016 through his shareholding in Dragonbay Global Pte.Ltd.*

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2022
(As per Register of Directors' Shareholdings)

		No. of shares held			
No.	Name of Directors	Direct Interest	%	Deemed Interest	%
1.	DATUK TAN KOK HONG @ TAN YI	343,750	0.19	-	-
2.	TAY HONG SING	17,448,750	9.76	-	-
3.	YONG THIAM YUEN	742,275	0.42	-	-
4.	DATO' JEFFREY LAI JIUN JYE	-	-	-	-
5.	ABDUL MUTALIB BIN IDRIS	-	-	-	-
6.	MEACHERY JO-ANNE JOSEPH	-	-	-	-
7.	VINCENT WONG SOON CHOY	-	-	-	-
8.	TJONG CHIA HUIE	-	-	-	-

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting of CABNET HOLDINGS BERHAD will be conducted fully virtual through live streaming from the Broadcast Venue at the Company's Conference Room at No.18 (PLO 184) Jalan Angkasa Mas 6, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor on Wednesday, the 1st day of June, 2022 at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the Financial Year Ended 31 December 2021 ("FY2021") together with the Reports of the Directors and Auditors thereon.	***(See Explanatory Note 1)***
2.	To re-elect the following Directors retiring by rotation pursuant to Clause 133 of the Company's Constitution.	
	i) Datuk Tan Kok Hong @ Tan Yi	**ORDINARY RESOLUTION 1**
	ii) Mr. Vincent Wong Soon Choy	**ORDINARY RESOLUTION 2**
	iii) Dato' Jeffrey Lai Jiun Jye	**ORDINARY RESOLUTION 3**
3.	To approve the payment of Directors' Fees of RM370,000.00 (FY2021: RM370,000) for the financial year ending 31 December 2022 ("FY2022").	**ORDINARY RESOLUTION 4** ***(See Explanatory Note 2)***
4.	To approve the payment of Directors' Benefits amounting to RM18,300.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.	**ORDINARY RESOLUTION 5** ***(See Explanatory Note 3)***
5.	To re-appoint Ecovis Malaysia PLT as Auditors of the Company for the FY2022 and to authorise the Directors to fix their remuneration.	**ORDINARY RESOLUTION 6**

AS SPECIAL BUSINESS

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

6. ***ORDINARY RESOLUTION***

AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016 ("General Mandate") — **ORDINARY RESOLUTION 7** ***(See Explanatory Note 4)***

"THAT pursuant to Section 75 and 76 of the Companies Act, 2016 ("the Act"), the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the approval of the relevant regulatory authorities (if any), the Directors be and are hereby authorised to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted during the preceding twelve (12) months does not exceed twenty per centum (20%) of the total number of issued ordinary shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted from Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF 7TH ANNUAL GENERAL MEETING (CONT'D)

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010
IRENE JUAY YEE LUAN (MAICSA 7057249)
SSM Practicing Certificate No. 202008001193
JOY LIM XIE RU YI (MAICSA 7065780)
SSM Practicing Certificate No. 201908004060
Secretaries

Date: 28 April 2022

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument via TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 May 2022, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

NOTICE OF 7TH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES:

Ordinary Business:-

1. **Item 1 of the Agenda – Audited Financial Statements for the Financial Year Ended 31 December 2021**

   This Audited Financial Statements is meant for discussion only as the provision for Section 248(2) and Section 340(1) of the Companies Act, 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Item 3 of the Agenda - Proposed Directors' Fees**

   The Proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees payable to the members of the Board, Board of subsidiaries and Board Committees.

3. **Item 4 of the Agenda - Proposed Directors' Benefits**

   The Proposed Ordinary Resolution 5, if passed, will authorise and approve of the payment of Directors' benefits comprised of allowances payable to the members of the Board and Board Committees pursuant to the requirements of Section 230 of the Companies Act, 2016 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.

Statement Regarding Effect of Resolutions under Special Business

4. **Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act, 2016.**

   The Proposed Ordinary Resolution No. 7 proposed in Agenda 6 is to seek a renewal of the general mandate from the shareholder of the Company at the 7th Annual General Meeting held on 1st day of June, 2022.

   As part of the initiative from Bursa Malaysia Securities Berhad ("Bursa Securities") to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had issued a letter dated 16 April 2021 on the Additional Temporary Relief Measure which allowed a listed issuer to seek a higher general mandate of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities ("20% General Mandate").

   Subsequently, Bursa Securities has via their letter dated 23 December 2021 granted an extension to the Additional Temporary Relief Measure to listed corporations. Pursuant to the 20% General Mandate, Bursa Securities has mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

   Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the renewal of the 20% General Mandate from its shareholders at the forthcoming 7th AGM of the Company.

   The 20% General Mandate may be utilized by the Company to issue and allot new ordinary shares until 31 December 2022 and thereafter, the 10% General Mandate will be reinstated. This authorization, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The Company would like to seek for a renewal of the 20% General Mandate under Ordinary Resolution No. 7.

NOTICE OF 7TH ANNUAL GENERAL MEETING (CONT'D)

The general mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s) of the Group. The renewal of the general mandate is sought to avoid any delay arising from and cost in convening a general meeting to obtain approval of the shareholders for such issuance of shares, up to an amount not exceeding in total 20% of the issued and paid-up share capital of the Company. The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

The Company has not issued any new share pursuant to the general mandate which was granted at the last Annual General Meeting held in 28 May 2021.

At as the date of this Notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

Virtual AGM

1. As part of the initiatives to curb the spread of COVID-19, the Annual General Meeting ("AGM") of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely.

2. The venue of the 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 present at the main venue of the meeting. The venue of the AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/ proxy(ies) from the public will be physically present at the meeting venue.

Voting by Poll

Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, all resolutions set out in this Notice are to be voted by poll.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(PURSUANT TO RULE 8.29(2) OF BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS)

1. The details of individuals who are standing for election as directors:-

   There is no person seeking election as director of the Company at this Annual General Meeting.

2. The details of individuals who are standing for re-election as directors:-

Ordinary Resolution 1
– Datuk Tan Kok Hong @ Tan Yi (Independent Non-Executive Director)

Nationality/Age/Gender	Malaysian/70/Male
Date of Appointment	14 September 2015
Length of Service (As at 31 March 2022)	6 years 7 months
Date of Last Re-election	28 May 2019
Academic/Professional Qualification/Membership(s)	• Bachelor of Law (Honours) degree from the University of Buckingham, United Kingdom • Barrister-At-Law degree from the Inns of Court School of Law, Council for the Legal Education
Present Directorship(s):	Listed entity: • Nil Other public company: • Nil
Working experience and occupation	• Started career in 1976 with the Royal Malaysian Police and left in 1985. • Commenced legal practice in a legal firm in 1985 and left in 2004. • Appointed as the Johor State Executive Councillor as well as the Chairman of the Johor State Committee for International Trade and Industry, Energy, Water and Communications until May 2013. • Elected as a Johor State Assemblyman representing the Bekok constituency since 1995 until 2013.
Any interest in the securities of the listed issuer and its subsidiaries	343,750 ordinary shares
Family relationship with any director and/or major shareholder of CABNET	No
Conflict of interests with CABNET	No
Conviction for offences within the past 5 years, other than traffic offences	No

Datuk Tan Kok Hong @ Tan Yi satisfies the criteria of an independent director as defined under Bursa Malaysia Securities Berhad ACE Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29(2) OF BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS) (CONT'D)

Ordinary Resolution 2
– Mr. Vincent Wong Soon Choy (Independent Non-Executive Director)

Nationality/Age/Gender	Malaysian/53/Male
Date of Appointment	9 April 2019
Length of Service (As at 31 March 2022)	3 years
Date of Last Re-election	28 May 2019
Academic/Professional Qualification/Membership(s)	• Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit from Flinders University of South Australia, Adelaide, Australia • Member of Malaysia Institute of Accountants (MIA) • Member of Certified Practising Accountants (CPA) Australia.
Present Directorship(s):	Listed entity: • Nil Other public company: • Nil
Working experience and occupation	More than 27 years of working experience with exposure to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring garnered from his previous employment positions held including as Head of Operation for a leading stock broking company, Group Accountant for a public listed company, Group Financial Controller for a property development group and auditing experience with a big four audit firm.
Any interest in the securities of the listed issuer and its subsidiaries	No
Family relationship with any director and/or major shareholder of CABNET	No
Conflict of interests with CABNET	No
Conviction for offences within the past 5 years, other than traffic offences	No

Mr. Vincent Wong Soon Choy satisfies the criteria of an independent director as defined under Bursa Malaysia Securities Berhad ACE Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29(2) OF BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS) (CONT'D)

Ordinary Resolution 3
– Dato' Jeffrey Lai Jiun Jye (Executive Director / Deputy Chief Executive Officer)

Nationality/Age/Gender	Malaysian/42/Male
Date of Appointment	3 September 2019
Length of Service (As at 31 March 2022)	2 years 7 months
Date of Last Re-election	26 June 2020
Academic/Professional Qualification/Membership(s)	• Bachelor of Commerce and Management from Lincoln University, New Zealand
Present Directorship(s):	Listed entity: • Paragon Globe Berhad Other public company: • Nil
Working experience and occupation	• Director in JB Paper Carton Sdn Bhd and JBP Packaging and Hardware Enterprise in 2000. • Executive Director of Kuopacific Malaysia Sdn Bhd. Kuopacific Malaysia Sdn Bhd from 2014 onwards. • Director and Chief Executive Officer of Paragon Private and International School located in Johor Bahru, Malaysia. • Actively involved with the Johor Bahru Chinese Chamber of Commerce and Industry ("JBCCCI") in which he has held various official positions. • JBCCCI 3rd Vice President and Chairman of Youth Committee, Johor Associated Chinese Chamber of Commerce and Industry ("JACCCI") Chairman of Youth Entrepreneur Section, and Vice Chairman of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") Young Entrepreneurs Committee.
Any interest in the securities of the listed issuer and its subsidiaries	No
Family relationship with any director and/or major shareholder of CABNET	No
Conflict of interests with CABNET	No
Conviction for offences within the past 5 years, other than traffic offences	No

3. A statement relating to general mandate for issue of securities in accordance with rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad: -

   The general mandate for issue of shares is for the renewal of the general mandate obtained from the members at the 6th Annual General Meeting held on 28 May 2021.

   No new shares of the Company have been issued pursuant to the general mandate obtained at the 6th Annual General Meeting held on 28 May 2021, and accordingly no proceeds were raised.

   The purpose of this general mandate is to provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s) of the Group.

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CABNET HOLDINGS BERHAD
Registration No: 201401045803 (1121987-D)
(Incorporated in Malaysia)

PROXY FORM

No. of Shares Held	CDS Account No.

I/We ______________________________ (NRIC No. ______________________) of (full address)

____

being a member / members of CABNET HOLDINGS BERHAD, hereby appoint:

Name of Proxy *(Full Name)*	**NRIC No. / Passport No.**	**% of Shareholding to be Represented** *(Refer to Note 2)*
Address		

and

Name of Proxy *(Full Name)*	**NRIC No. / Passport No.**	**% of Shareholding to be Represented** *(Refer to Note 2)*
Address		

*or failing him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 7th Annual General Meeting of the Company which will be conducted fully virtual through live streaming from the Broadcast Venue at the Company's Conference Room at No.18 (PLO 184) Jalan Angkasa Mas 6, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor on Wednesday, the 1st day of June, 2022 at 9.30 a.m. and at every adjournment thereof to vote as indicated below in respect of the following Resolutions:-

Ordinary Business		**For**	**Against**
Ordinary Resolution 1	Re-election of Datuk Tan Kok Hong @ Tan Yi		
Ordinary Resolution 2	Re-election of Mr. Vincent Wong Soon Choy		
Ordinary Resolution 3	Re-election of Dato' Jeffrey Lai Jiun Jye		
Ordinary Resolution 4	Approval of Directors' Fees (FY2022)		
Ordinary Resolution 5	Approval of Directors' Benefits (for the period from 7th AGM to 8th AGM)		
Ordinary Resolution 6	Re-appointment of Auditors		
Special Business			
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

(Please indicate with a "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)
** delete where applicable.*

Signed this ______________ day of ____________________ 2022

____
*Signature/Common Seal of member(s)

NOTES:
1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument via TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
7. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
8. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 May 2022, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Affix
Stamp

The Company Secretary

CABNET HOLDINGS BERHAD

Registration No. 201401045803 (1121987-D)
Registered Office
Suite 5.11 & 5.12, 5th Floor,
Menara TJB, No. 9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru, Johor, Malaysia

CabNet

Cabnet Holdings Berhad
(Registration No: 201401045803 (1121987-D))

No.18 (PLO 184) Jalan Angkasa Mas 6,
Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor.
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www.cabnet.asia