



ANCOM BERHAD

[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia

TOGETHER

We Can Make A Difference

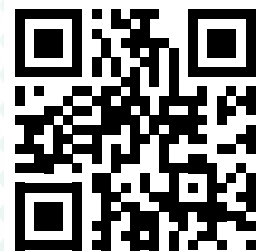
ANNUAL REPORT 2021



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Proxy Form



Go online to our website at:
www.ancom.com.my

Corporate Information

BOARD OF DIRECTORS

Dato' Siew Ka Wei
(Executive Chairman)

Tan Sri Dato' Dr Lin See Yan
(Independent Non-Executive Director)

Tan Sri Dato' Seri Abdull Hamid Bin Embong
(Independent Non-Executive Director)

Chan Thye Seng
(Non-Independent Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)

Lim Hock Chye
(Independent Non-Executive Director)

Datuk Dr Abd Hapiz Bin Abdullah
(Independent Non-Executive Director)

Siew Ka Kheong
(Alternate Director to Dato' Siew Ka Wei)

AUDIT COMMITTEE

Edmond Cheah Swee Leng *(Chairman)*

Tan Sri Dato' Seri Abdull Hamid Bin Embong

Lim Hock Chye

REMUNERATION AND NOMINATION COMMITTEE

Tan Sri Dato' Dr Lin See Yan *(Chairman)*

Edmond Cheah Swee Leng

Lim Hock Chye

COMPANY SECRETARIES

Choo Se Eng *(MIA 5876)*

Wong Wai Foong *(MAICSA 7001358)*

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. : (603) 2783 9191
Fax : (603) 2783 9111

BUSINESS ADDRESS

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. : (603) 7495 5000
Fax : (603) 7495 5088

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.

Office

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. : (603) 2783 9299
Fax : (603) 2783 9222

Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

BDO PLT, Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
- Industrial Products Sector
- Stock code : 4758

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad
AmBank (M) Berhad

SOLICITORS

Chong, Ng & Yap

DOMICILE

Malaysia

WEBSITE

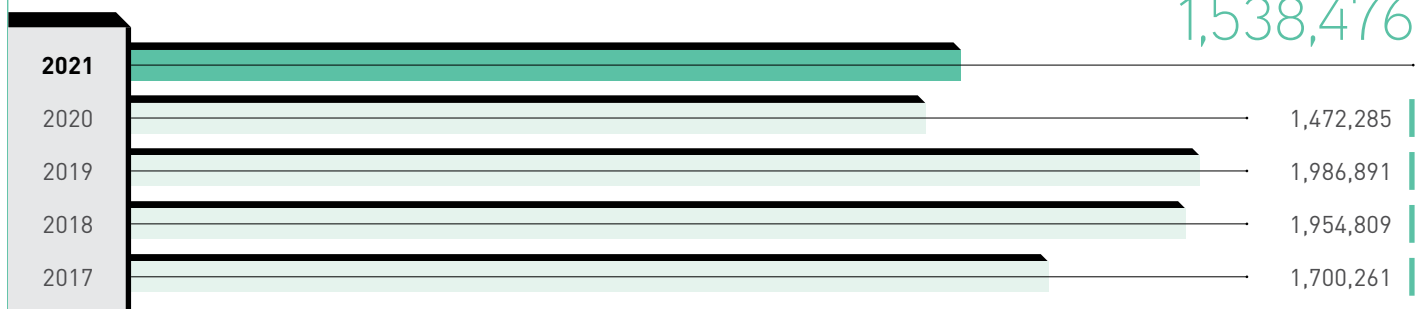
www.ancom.com.my

Five-Year Highlights

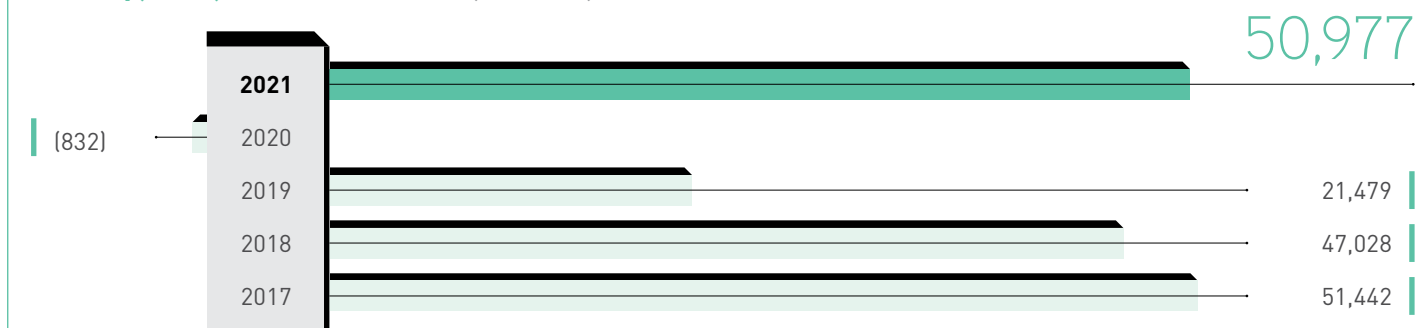
	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	1,538,476	1,472,285	1,986,891	1,954,809	1,700,261
Profit/(Loss) before taxation	50,977	(832)	21,479	47,028	51,442
Profit/(Loss) after taxation	32,559	(18,892)	(2,071)	25,661	29,277
Effective percentage rate of tax	36%	>100%	>100%	45%	43%
Net Earnings/(Loss) for Ancom shareholders	23,753	(9,696)	15,132	17,581	17,466
ASSETS EMPLOYED					
Property, plant and equipment	189,690	200,660	280,355	286,399	292,559
Right-of-use assets	110,150	104,324	-	-	-
Investments	6,447	8,641	12,962	7,616	3,513
Other non-current assets	101,231	116,286	130,434	124,992	129,723
Current assets and assets held for sale	660,791	529,395	660,468	795,368	717,946
TOTAL ASSETS	1,068,309	959,306	1,084,219	1,214,375	1,143,741
FINANCED BY					
Share capital	256,043	245,766	245,766	218,956	218,956
Reserves	112,404	75,629	75,262	100,755	86,827
Treasury shares	(6,248)	(9,688)	(5,566)	(2,473)	(2,473)
Ancom shareholders' interest	362,199	311,707	315,462	317,238	303,310
Non-controlling interests	120,197	111,854	139,443	168,407	166,918
Total equity	482,396	423,561	454,905	485,645	470,228
Non-current liabilities	91,097	97,273	66,419	68,733	73,918
Current liabilities	494,816	438,472	562,895	659,997	599,595
TOTAL EQUITY AND LIABILITIES	1,068,309	959,306	1,084,219	1,214,375	1,143,741
SHAREHOLDERS' INTERESTS					
Earnings/(Loss) per ordinary share - sen					
- Basic	9.97	(4.31)	6.44	7.42	7.37
- Diluted	8.60	(4.31)	6.44	7.42	7.37
Net assets per ordinary share attributable to Ancom shareholders - RM	1.49	1.40	1.37	1.34	1.28
OTHER INFORMATION					
Depreciation & amortisation	41,657	55,125	28,976	25,819	22,385
Interest expense	12,734	19,070	21,515	19,013	14,211

Five-Year Highlights

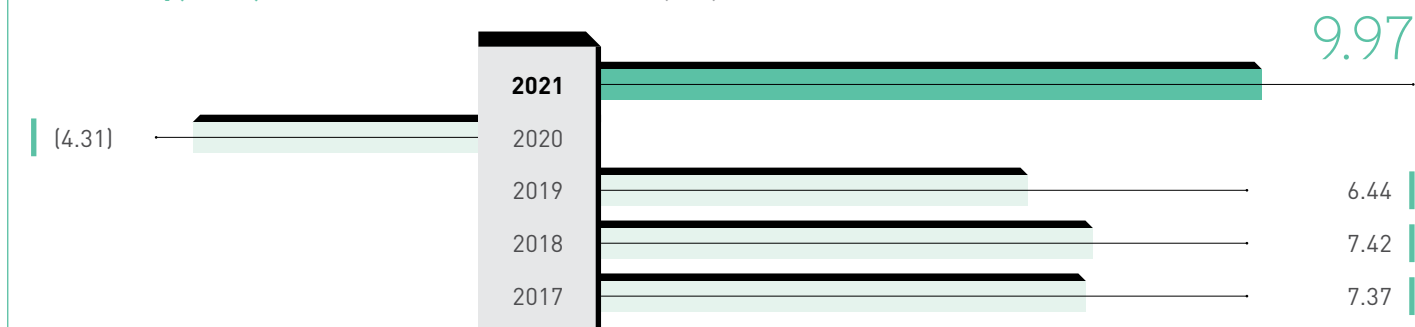
REVENUE (in RM'000)



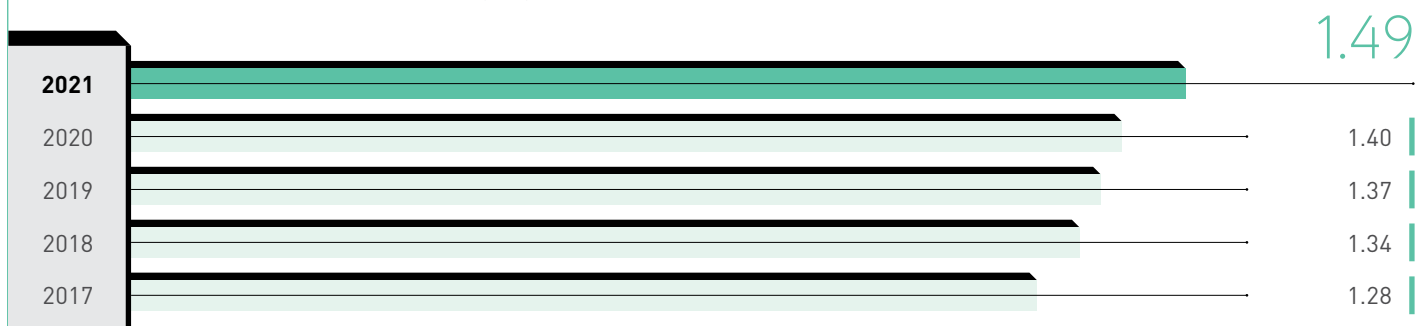
PROFIT/(LOSS) BEFORE TAXATION (in RM'000)



EARNINGS/(LOSS) PER ORDINARY SHARE - BASIC (Sen)



NET ASSETS PER ORDINARY SHARE (RM)



List of Principal Offices

**ANCOM BERHAD – CORPORATE OFFICE /
ANCOM MANAGEMENT SERVICES SDN. BHD.**

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

ANCOM-CHEMQUEST TERMINALS SDN. BHD.

Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan, Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

**ANCOM COMPONENTS SDN. BHD. /
ANCOM ENERGY & SERVICES SDN. BHD.**

7, Jalan Empat, Off Jalan Chan Sow Lin
57100 Kuala Lumpur, Malaysia
Tel : (603) 9223 0288/0289
Fax : (603) 9223 7388

**ANCOM CROP CARE SDN. BHD. /
TIMBER PRESERVATIVES SDN. BHD. /
COMMON FEED SDN. BHD.**

No. 31 Jalan Tukul P15/P, Section 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 4022
Fax : (603) 5510 3888

ANCOM KIMIA SDN. BHD.

3A02, Block A, Phileo Damansara I
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

ANCOM LOGISTICS BERHAD

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

CKG CHEMICALS PTE LTD

51 Goldhill Plaza #11-03
Singapore 308900
Tel : (65) 6319 4680
Fax : (65) 6319 4699

DYNAMIC CHEMICAL PTE LTD

3 International Business Park
#03-04, Nordic European Centre
Singapore 609927
Tel : (65) 6224 4142
Fax : (65) 6224 6460

ENTOPEST ENVIRONMENTAL SERVICES SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7931 3232
Fax : (603) 7931 3230

FERMPRO SDN. BHD.

202, Block A, Phileo Damansara I
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

GENOVASI MALAYSIA SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 0628
Fax : (603) 7495 0793

IENTERPRISE ONLINE SDN. BHD.

Unit 1003 & 1005, Blok B, Phileo Damansara II
No. 15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7665 1988
Fax : (603) 7665 1638

List of Principal Offices

KUMPULAN KESUMA SDN. BHD. / WEDON SDN. BHD.

No. 6, Lorong SS13/6A
Subang Jaya Industrial Estate
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 5633 6229
Fax : (603) 5634 9915

NYLEX (MALAYSIA) BERHAD / NYLEX POLYMER MARKETING SDN. BHD. / ALB MARINE SDN. BHD.

Lot 16, Persiaran Selangor, Section 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 1706
Fax : (603) 5510 8291

NYLEX SPECIALTY CHEMICALS SDN. BHD. / SPECIALITY PHOSPHATES (MALAYSIA) SDN. BHD.

Lot 593, Persiaran Raja Lumu
Kawasan Perusahaan Pandamaran
42000 Port Klang, Selangor Darul Ehsan, Malaysia
Tel : (603) 3168 8282
Fax : (603) 3167 9115

PENGANGKUTAN COGENT SDN. BHD.

PTD 149227, Jalan Berjaya 7
Taman Perindustrian Berjaya
81200 Kempas Lama, Johor Darul Takzim, Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

PERUSAHAAN KIMIA GEMILANG SDN. BHD.

302, Block A, Phileo Damansara I
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

PERUSAHAAN KIMIA GEMILANG (VIETNAM) COMPANY LTD.

7 Floor, 205B Hoang Hoa Tham Street
Ward 06, Binh Thanh District
Ho Chi Minh City, Vietnam
Tel : (8428) 3516 3115
Fax : (8428) 3516 3098

PT NYLEX INDONESIA

Desa Sumengko Km 31
Wringinanom, Gresik
61176 Indonesia
Tel : (6231) 898 2626
Fax : (6231) 898 2623

PT PKG LAUTAN INDONESIA

Gedung Graha Indramas, Jl. AIPDA K.S. Tubun Raya No. 77
Jakarta, 11410 Indonesia
Tel : (6221) 5367 3269
Fax : (6221) 5367 3278

REDBERRY SDN. BHD. / REDBERRY AMBIENT SDN. BHD. / REDBERRY ADVERTISING SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1177

REDBERRY CONTACT CENTER SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7627 6599

TWINSTAR SYNERGY SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088



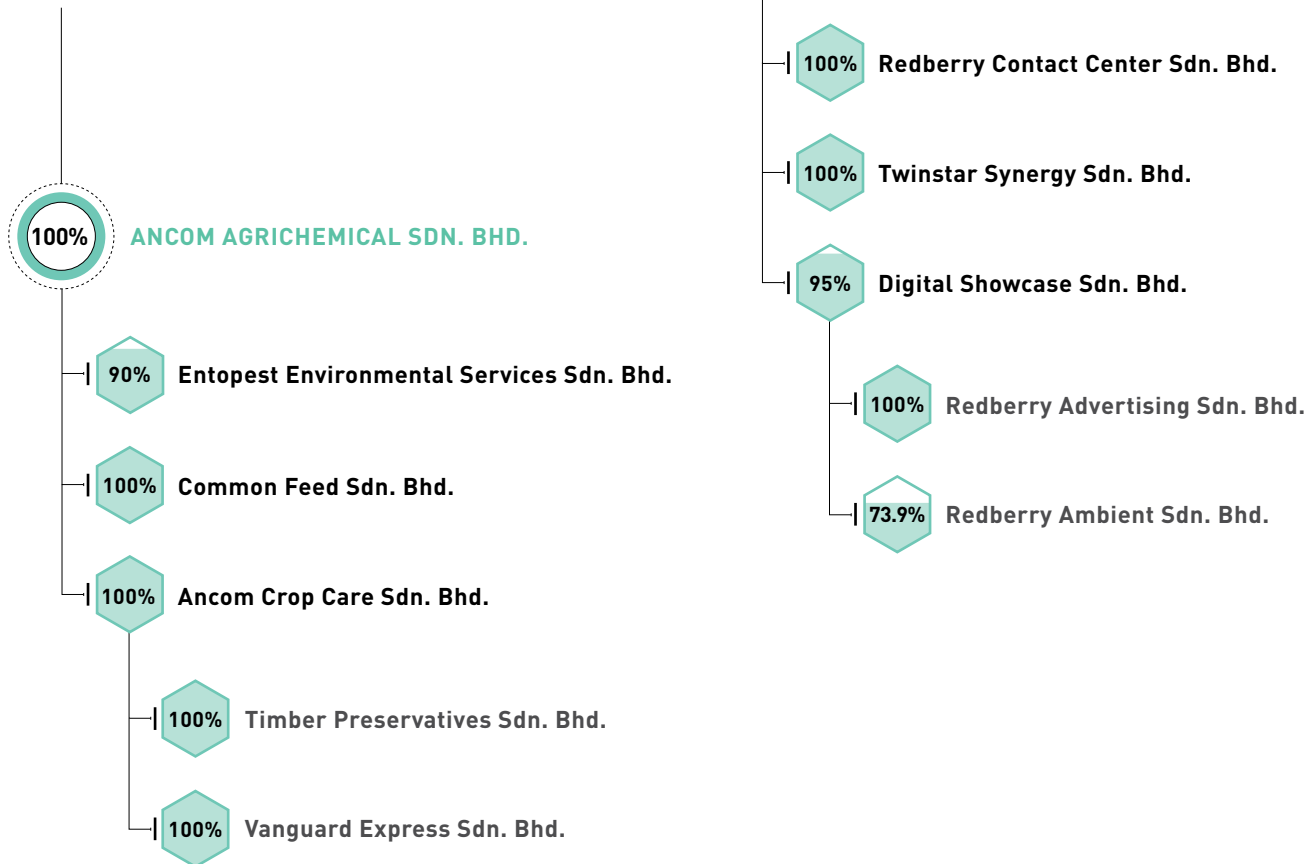
Corporate Structure

As at 31 May 2021



ANCOM BERHAD

[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia



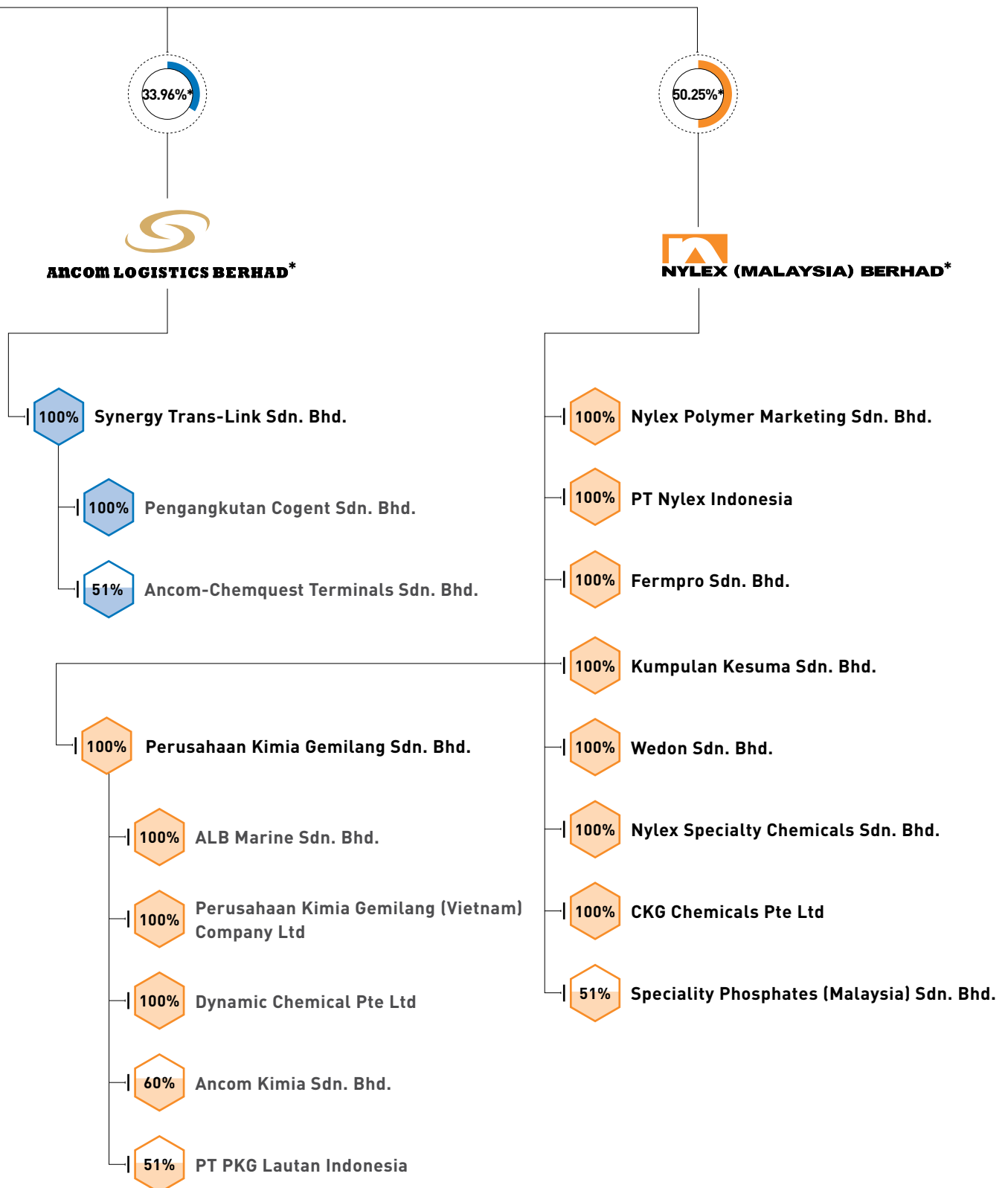
Note:

Only major and active companies in the Group are shown in this Corporate Structure

** Direct and Indirect Interest*

Corporate Structure

As at 31 May 2021



Board of Directors



MALAYSIAN /
MALE /
AGE 65

Board Meeting Attendance in FY2021: 5/5

DATO' SIEW KA WEI

Executive Chairman

Dato' Siew joined the Board on 23 October 1985 and was appointed Deputy Group Managing Director on 17 October 1995. He was promoted to Group Managing Director on 30 July 2003 and subsequently elected as the Executive Chairman on 2 January 2018.

Dato' Siew received his secondary and tertiary education in the United Kingdom, first studying at Marlborough College from the age of 13 years before completing his tertiary education at Imperial College London. He obtained his Bachelor of Science (Hons) in Chemical Engineering and Master of Science in Operational Research at Imperial College, graduating in 1978.

Dato' Siew has extensive experience in the field of petrochemicals, accumulated over more than 30 years in the local and international sectors.

He was an active member of the Young Presidents' Organisation ("YPO") from 1993 until 2006, serving as the Chairman of the Malaysian Chapter of YPO and Co-Chairman of the first Regional Conference in Kuala Lumpur in 1998. During his tenure as a member of the International Board of YPO from 2000 to 2003, he was Chairman of YPO's Global Leadership Congress in Beijing in 2003. He was also a past President of the Imperial College Alumni of Malaysia and a past Governor on the Board of Governors of Marlborough College Malaysia.

Currently, Dato' Siew is the Group Managing Director of Nylex (Malaysia) Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both of which are subsidiaries of the Company listed on Bursa Malaysia Securities Berhad.

Dato' Siew is a substantial shareholder of the Company through his direct and indirect interest in the Company.



MALAYSIAN /
MALE /
AGE 82

Board Meeting Attendance in FY2021: 5/5

TAN SRI DATO' DR LIN SEE YAN

Independent Non-Executive Director

Tan Sri Dato' Dr Lin was appointed to the Board on 30 October 2000. He is currently the Chairman of the Remuneration and Nomination Committee.

Tan Sri Dato' Dr Lin is an independent strategic and financial consultant, a British Chartered Scientist, and a UK Chartered Statistician. He received three professional degrees from Harvard University, including a PhD in Economics. He is an Eisenhower Fellow and a Fellow of the International Monetary Fund (IMF) Institute in Washington DC, Royal Statistical Society, London, Asian Institute of Chartered Bankers, Malaysian Insurance Institute (Hon.), Malaysian Institute of Management and the Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies as well as Research Professor at Sunway University.

He has a long and distinguished history of service in the government and private sectors. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and, for 14 years previously, the Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Dato' Dr Lin continues to serve the public as a member of key steering committees at the Ministry of Higher Education, a member of the Asian Shadow Financial Regulatory Committee, Governor of the Asian Institute of Management, Manila, Board member of Sunway University, Chairman Emeritus of the Harvard Graduate School Alumni Council at Harvard University in Cambridge, USA, President of the Harvard Club of Malaysia and Economic Advisor of the Associated Chinese Chambers of Commerce and Industry of Malaysia.

Tan Sri Dato' Dr Lin is currently a Director of Nylex (Malaysia) Berhad, a subsidiary of the Company listed on Bursa Malaysia Securities Berhad, Wah Seong Corporation Berhad and Sunway Berhad as well as the Chairman of IGB REIT Management Sdn. Bhd. (manager of the IGB Real Estate & Investment Trust). He also serves as a trustee of the Tun Ismail Ali Foundation (PNB), Malaysian Economic Association Foundation, Prime Minister's Exchange Fellowship Malaysia, Jeffrey Cheah Foundation and Harvard Club of Malaysia Foundation as well as a Mentor Counsellor of the LIN Foundation.

Board of Directors



MALAYSIAN /
MALE /
AGE 72

MALAYSIAN /
MALE /
AGE 64

Board Meeting Attendance in FY2021: 4/5

TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Independent Non-Executive Director

Tan Sri Dato' Seri Abdull Hamid was appointed to the Board on 1 March 2016. He is currently a member of the Audit Committee.

Upon finishing his secondary schooling at the Malay College Kuala Kangsar, Perak, he obtained a Barrister at Law degree from Lincoln's Inn, London and was admitted as an Utter Barrister in 1976.

Tan Sri Dato' Seri Abdull Hamid served in the judicial and legal service of the Government of Malaysia in various posts including that of a Magistrate, Deputy Public Prosecutor, Legal Advisor and Senior Federal Counsel with the Customs and Excise Department, the Economic Planning Unit in the Prime Minister's Department, Ministry of Land and Regional Development, Treasury and Ministry of Home Affairs. He has also served as a Legal Advisor to the Negeri Sembilan and Pahang State Governments.

He was appointed a Judicial Commissioner in 1994 and a High Court Judge in 1996. In 2006, he was elevated to the Court of Appeal and in 2009 to the Federal Court of Malaysia. He retired from the Bench in February 2016. In March 2021, he was appointed a Judge of the Mahkamah Utama Syariah, Perak.

Currently, Tan Sri Dato' Seri Abdull Hamid is the Chairman of 7-Eleven Malaysia Holdings Berhad.

Board Meeting Attendance in FY2021: 4/5

CHAN THYE SENG

Non-Independent Non-Executive Director

Thye Seng joined the Board on 19 October 1999.

He has 13 years of experience as a practising lawyer after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1982. He graduated from University College Cardiff, United Kingdom with a Bachelor of Law (Hons).

Thye Seng was previously on the Board of the Kuala Lumpur Commodities Exchange as well as Malaysian Futures Clearing Corporation Sdn. Bhd..

He is currently the Managing Director/Chief Executive Officer of Pacific & Orient Berhad ("P&O"), a substantial shareholder of the Company and its subsidiary, Pacific & Orient Insurance Co. Berhad.

Thye Seng is a substantial shareholder of the Company through his shareholding in P&O.

Board of Directors



MALAYSIAN /
MALE /
AGE 67

Board Meeting Attendance in FY2021: 5/5

EDMOND CHEAH SWEE LENG

Independent Non-Executive Director

Edmond was appointed to the Board on 30 August 2005. He is currently the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

A Chartered Accountant by profession, he is a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England and Wales. He is also a Certified Financial Planner.

Edmond's career started at a professional accounting firm in London where he was an Audit Manager. He was then made a Manager in charge of portfolio investment at a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division of a public listed company in Malaysia.

He was the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Berhad, the largest private unit trust management company in Malaysia. He is a former member of the Task Force on Islamic Finance at Labuan International Offshore Financial Centre, a former council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia and a former member of the Securities Market Consultation Panel of Bursa Malaysia Securities Berhad. Edmond is a founder member and a past President of the Financial Planning Association of Malaysia.

Edmond sits on the Board of Nylex (Malaysia) Berhad, a subsidiary of the Company which is listed on Bursa Malaysia Securities Berhad. He is also the Chairman of Adventa Berhad as well as an Investment Committee Member and Director of MAAKL Mutual Berhad.



MALAYSIAN /
MALE /
AGE 66

Board Meeting Attendance in FY2021: 5/5

LIM HOCK CHYE

Independent Non-Executive Director

Hock Chye was appointed to the Board on 1 December 2011. He is currently a member of the Audit Committee and the Remuneration and Nomination Committee.

Hock Chye graduated with an LLB (Hons) from the University of London, United Kingdom, in 1999.

He was a Deputy Editor with The Star newspaper, where he wrote for the Business Section. He later became a consultant with an organisation promoting good corporate governance and practices in Malaysia. He was also a panel speaker for Bursatra Sdn. Bhd. on Continuing Education Programmes for public-listed company directors. He has been the Group Director of Strategic Planning & Corporate Affairs, HELP University Sdn. Bhd. (formerly known as Help International Corporation Berhad) since April 2008.

Hock Chye is also a Director of Ancom Logistics Berhad, a subsidiary of the Company which is listed on Bursa Malaysia Securities Berhad.

Board of Directors



MALAYSIAN /
MALE /
AGE 63

MALAYSIAN /
MALE /
AGE 61

Board Meeting Attendance in FY2021: 5/5

DATUK DR ABD HAPIZ BIN ABDULLAH

Independent Non-Executive Director

Datuk Dr Abd Hapiz was appointed to the Board on 8 May 2020.

He graduated with a Doctor of Philosophy in Organic Chemistry from Utah State University and a Bachelor of Science in Chemistry from the University of Nevada, USA, in 1980 and 1984 respectively.

He began his career at Dow Chemical (Malaysia) Sdn. Bhd. in 1985, holding a regional role for several years. He was appointed as the Managing Director of DuPont Malaysia Sdn. Bhd. in 1995 and later, as the President/CEO of Petronas Chemicals Group Berhad from 2011 until he retired in 2014.

Datuk Dr Abd Hapiz was appointed Chairman of Ancom Crop Care Sdn. Bhd., a subsidiary of the Company, in March 2016. He is also an Independent Non-Executive Chairman of Perdana Petroleum Berhad, an Independent Non-Executive Director of MSM Malaysia Holdings Berhad as well as a board member of several private chemical companies in Malaysia and the United States.

He is currently Chairman of the Chemical Industries Council of Malaysia and also Chairman of the National Chemical Productivity Nexus. He is also a member of the National Productivity Council of Malaysia and the National Science Council of Malaysia.

Board Meeting Attendance in FY2021: N/A

SIEW KA KHEONG

Alternate Director to Dato' Siew Ka Wei

Ka Kheong was appointed as an Alternate Director to Dato' Siew Ka Wei on 26 April 2019.

He graduated with a Bachelor of Science in Chemical Engineering from University College London, United Kingdom, in 1982.

Ka Kheong is currently the Executive Director of iEnterprise Online Sdn. Bhd., a subsidiary of the Company and heads the Group's IT Division. Prior to this, he was the Managing Director of a company he set up in 1982 which was involved in the IT industry.

He has more than 30 years of experience in the IT industry, specialising in systems development and integration as well as applications implementation. His experience spans across the financial services, manufacturing, distribution and retail industries.

He is also the Chairman of a local company that provides professional IT certification from the Project Management Institute, USA, to IT professionals in Malaysia.

Ka Kheong is a substantial shareholder of the Company through his direct and indirect interest in the Company.

Notes:

1. Other than Dato' Siew Ka Wei and Siew Ka Kheong who are brothers, there are no family relationships amongst the Directors and/or major shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Directors has been convicted of any offences other than traffic offences (if any) within the past five (5) years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Other than Dato' Siew Ka Wei, Chan Thye Seng and Siew Ka Kheong who are substantial shareholders of the Company, the other Directors do not hold any shares in the Company and its related corporations. Please refer to the Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

Key Senior Management

DATO' SIEW KA WEI

Executive Chairman

MALYSIAN / MALE / AGE 65

Dato' Siew Ka Wei's profile is disclosed in the Board of Directors of this Annual Report.

LEE CHEUN WEI

Group Chief Executive Officer ("CEO")
Managing Director – Ancom Crop Care
Sdn. Bhd. ("ACC")

MALYSIAN / MALE / AGE 47

Cheun Wei has been the Group CEO since January 2018 and the Managing Director of ACC since July 2014.

Cheun Wei started his career in 1997 as a Group Accountant at EPE Power Corporation Berhad ("EPE"), a Transmission and Distribution Engineering company, and was made the Chief Financial Officer of the EPE Group in 2003. He was the Director of Corporate Finance of Tamco Corporate Holding Berhad (now known as Ancom Logistics Berhad, a subsidiary of the Company) from 2005 to 2009. He joined the Company in 2009 as the Group Chief Financial Officer. In July 2014, he was appointed Managing Director of ACC, heading the Group's Agricultural Chemicals Division. In January 2018, Cheun Wei was appointed to his current position as the Group CEO while retaining his Managing Director post in ACC.

He graduated with a Bachelor of Arts (Hons) in Accounting and Finance from Lancaster University, United Kingdom, and holds a Master of Science in Finance (Distinction) from Cass Business School, London. For both degrees, he was awarded full scholarships – from the Renong/UEM Group and British Chevening/HSBC respectively.

Cheun Wei is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

He has no directorship in any public company or listed issuer.

Cheun Wei currently holds 11,118,480 ordinary shares, representing 4.55% shareholding in the Company and 4,897,370 Warrant B, representing 8.18% of the Warrant B holding in the Company.

ROBIN LING SENG CHIONG

Deputy CEO – Nylex (Malaysia) Berhad
("Nylex")
Executive Director – Perusahaan
Kimia Gemilang Sdn. Bhd. ("PKG")

MALYSIAN / MALE / AGE 51

Robin joined the Nylex group in 2007 as an Executive Director of PKG, a subsidiary of Nylex, in charge of its industrial chemical trading business. In January 2018, he was promoted to Deputy CEO of Nylex, assisting the Group Managing Director in overseeing the Nylex group's business operations. Prior to joining PKG, he worked as the Asia Pacific Regional Manager for a United States specialty chemicals company for 13 years.

He is currently a member of the Industry Expert Advisory Panel of the Chemistry and Biology programme at Tunku Abdul Rahman University College.

Robin graduated with a Bachelor of Applied Science majoring in Analytical Chemistry from the University of Science Malaysia.

He has no directorship in any public company or listed issuer.

Key Senior Management

DATUK HASNUL BIN HASSAN

Deputy CEO – Ancom Logistics Berhad (“ALB”)

MALAYSIAN / MALE / AGE 59

Datuk Hasnul joined Ancom Berhad in 2014 as its Executive Director (Business Development). In October 2019, he assumed his current position as Deputy CEO of ALB.

Datuk Hasnul has more than 23 years of experience in several reputable multinational companies including Unilever, Johnson & Johnson and British American Tobacco, where he finetuned his marketing and management skills.

Following his time in the corporate sector, Datuk Hasnul joined the Malaysian National News Agency (BERNAMA) as its General Manager/CEO in 2009. He was subsequently appointed as CEO of the Malay Mail Sdn. Bhd. (“Malay Mail”) in 2013, a position he held until 2014.

Datuk Hasnul obtained a Bachelor of Science in Business Administration in May 1984 from Southeast Missouri State University, USA. He then obtained a Master of Business Administration (“MBA”) from Governors State University, USA, in December 1985.

He has no directorship in any public company or listed issuer.

LIM CHANG MENG

Chief Financial Officer – Ancom Berhad and ALB

MALAYSIAN / MALE / AGE 49

Chang Meng is the Chief Financial Officer of Ancom and ALB.

He began his career as an audit assistant with Coopers & Lybrand (now a merged firm of PwC) in 1992 and stayed until 2000 with his last position as an Audit Manager. He subsequently joined Setegap Berhad, a construction company and later, HLG Securities Sdn. Bhd., a stockbroking company, as a Finance Manager.

He joined Tamco Corporate Holdings Berhad (now known as ALB) in 2005 as its Corporate Accounting Manager, and became Head of Corporate Finance of the Company in 2010. He was promoted to Chief Financial Officer of ALB in 2011 and Chief Financial Officer of the Company in 2014.

Chang Meng is a member of the Malaysian Institute of Accountants.

He has no directorship in any public company or listed issuer.

CHOO SE ENG

Company Secretary

MALAYSIAN / MALE / AGE 60

Se Eng is the Company Secretary of Ancom, Nylex, ALB and their subsidiaries.

He started his career as an auditor in a Big Four audit firm in Malaysia in 1981 and qualified as a Chartered Accountant in 1988. During this period, he gained valuable working knowledge in accounting, taxation and secretarial practices.

He worked for two years in the Corporate Finance division of a merchant bank and was with a public listed company as its Corporate Finance Manager for four (4) years before joining the Company in 1995 as its Senior Manager of Corporate Planning. He assumed the role of Company Secretary in 1996 and maintained this position until his resignation in August 2016. He rejoined the Company in April 2018.

Se Eng is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He has no directorship in any public company or listed issuer.

Key Senior Management

MICHELLE CHEN TAI NGOH

Chief Financial Officer – Nylex

MALAYSIAN / FEMALE / AGE 54

Michelle joined Nylex in 1995 as an Associate Accounts Manager and held various positions within its Corporate Office in the ensuing years. She was appointed to her current position as Chief Financial Officer in 2010. Before joining Nylex, she was attached to an international professional service firm.

Michelle is a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

She has no directorship in any public company or listed issuer.

PHILLIP KARUPPIAH

Group Human Resource Director - Ancom

MALAYSIAN / MALE / AGE 63

Phillip has been the Group Human Resource Director of Ancom since April 2013.

He started his career as a journalist with the New Straits Times and has experience in communication consulting with Burson Marsteller as well as banking operations with Malayan Banking Berhad.

He was the CEO of Malay Mail, publisher of the Malay Mail newspaper, from April 2011 until March 2013. Before taking the helm at Malay Mail, Phillip was with Lexis Nexis, an American multinational company, as CEO of its South East Asia operations. Other stints include Managing Director of Sun Media Sdn. Bhd., publisher of the Sun newspaper and General Manager of Group Human Resources at Phileo Allied Group, a financial services organisation.

Phillip has a Bachelor of Science (Agribusiness) from University Putra Malaysia and a Law degree from the University of Wolverhampton, United Kingdom.

He has no directorship in any public company or listed issuer.

ANTHONY TAN SWEE HOCK

Executive Director/Chief Operating Officer – ACC

MALAYSIAN / MALE / AGE 59

Anthony has been the Chief Operating Officer of ACC since July 2014.

Anthony started his career in 1982 as a Research Conductor at Highlands Research Unit, Klang, which specialised in the research and development of industrial crops in Malaysia. In 1983, he joined Ancom Sdn. Bhd. (now known as Ancom) as a Research Assistant to conduct research and development of new cocktails for the company. In 1984, he was transferred to its marketing department and was based in Yong Peng, Johor covering Johor, Melaka and Pahang. In 1997, he took up the role of Marketing Manager, based in Shah Alam and in 2006, he was promoted to General Manager of Ancom Bioscience Sdn. Bhd.. In 2014, he was promoted to Chief Operating Officer of ACC and in 2018, he was promoted to Executive Director of ACC.

He graduated with a Master of Business Administration from Nottingham Trent University in 2002, United Kingdom and obtained a certificate from the Chartered Institute of Marketing, United Kingdom in 1991.

Anthony is a member of the Incorporated Society of Planters since 1997.

He has no directorship in any public company or listed issuer.

Key Senior Management

REGINE LIM

General Manager – Entopest Environmental Services Sdn. Bhd. (“Entopest”)

MALAYSIAN / FEMALE / AGE 44

Regine joined Entopest as the General Manager, heading the nationwide operation plus Southeast Asia development in the Pest Control portfolio of the Group, in August 2017.

Regine started her career in 2001 as an Operation Manager in Ridpest Sdn. Bhd., a local pest control company until 2003. She was the Technical Manager in Pest Elimination Division of Ecolab Sdn. Bhd. from 2004 to 2008 and was promoted as its Southeast Asia Regional Sales Manager, taking care of Malaysia, Singapore, Thailand and Indonesia markets from 2008 to 2010.

She started her own pest control company – Ecogreen Pest Management Sdn. Bhd. in 2010. In August 2017, the company was acquired by ACC and renamed Entopest Environmental Services (PG) Sdn. Bhd..

Regine was the president of WomenBizSENSE, Penang Women Entrepreneur Group from 2017 to 2019 and had the distinction of being the first lady president of the Malaysia Pest Management Association from 2021 to 2023. She is currently the Country Representative in the Federation of Asian and Oceania Pest Managers Associations from 2021 to 2023.

Regine graduated with a Bachelor of Science (Hons) in Biology - Zoology from Universiti Sains Malaysia.

She has no directorship in any public company or listed issuer.

WONG JUN-PIN

CEO – Ancom Energy Division

MALAYSIAN / MALE / AGE 48

Jun-Pin was appointed as the CEO of Ancom Energy Division on 1 November 2020 to spearhead Ancom’s newly created Energy division towards new growth areas.

Jun-Pin brings over 25 years of diversified experience within renewable energies, utilities, oil and gas sectors, international business development and engineering projects.

He started his career in 1996 as an engineer at Tamco Corporate Holdings Berhad (now ALB), with extensive job focus in switchgear manufacturing and commercial industry. After 8 years, Jun-Pin joined Schneider Electric Malaysia as a Division Manager for Equipment and Services until 2008.

From 2008 until 2016, Jun-Pin worked at Infrakomas Sdn. Bhd. as its General Manager (Manufacturing and Trading). Prior to joining Ancom, he was in Khind Holdings Berhad for activities and contracts in Solar and Biogas projects from 2017 to 2020.

Jun-Pin graduated with a Bachelor of Science in Mechanical Engineering (BSME) in 1994 and attained a Masters in Industrial Engineering (MSIE) from University of Arkansas, Fayetteville, USA in 1996.

He has no directorship in any public company or listed issuer.

MAARESH STARLING

CEO – Redberry Media Group

MALAYSIAN / MALE / AGE 53

Maaresh has been appointed as the CEO of Redberry Media Group since May 2021.

Maaresh started his career in 1989 as an Engineer in Federal Telecommunications Sdn. Bhd.. In 1990, he joined Electcom Sdn. Bhd. as a Manager and in 1995, joined TG Kall (M) Sdn. Bhd. as its General Manager.

He joined Mobile Media Sdn. Bhd. as its Chief Technology Officer in 2000 and in 2008, he joined Focus Media Network Sdn. Bhd. (now known as Redberry Ambient Sdn. Bhd.) as its Chief Technology Officer. In 2018, he was appointed as Chief Operation Officer for Redberry Advertising Sdn. Bhd..

Maaresh was also elected as President of the Outdoor Advertising Association of Malaysia from 2021 to 2023.

Maaresh graduated with a Degree in Electronics and Communication from General University, UK.

He has no directorship in any public company or listed issuer.

Key Senior Management

SIEW KA KHEONG

Executive Director – iEnterprise Online Sdn. Bhd.

MALAYSIAN / MALE / AGE 61

The profile of Siew Ka Kheong, who is also an Alternate Director to Dato' Siew Ka Wei, is disclosed in the Board of Directors of this Annual Report.

DATUK ABDUL RASHID HASHIM

Executive Chairman – Ancom Kimia Sdn. Bhd. ("AKSB")

MALAYSIAN / MALE / AGE 57

Datuk Rashid joined AKSB, a subsidiary of Nylex, as COO in February 2011. He was re-designated as its Executive Chairman in July 2020. He is also the CEO of MSTI Corporation Sdn. Bhd., an associate of the Company, which is involved in the provision of IT services.

Datuk Rashid started his career as an assistant credit officer with a commercial bank in 1982. In 1990, he joined ESPI Industries Sdn. Bhd., a parts and accessories manufacturer for Proton, as General Manager. In 1994, he was appointed as the Personal Assistant to Managing Director of Ayer Molek Plantation Berhad. Subsequently, in 2000, he joined property developer HBA Development Bhd as its CEO. In 2008, he was appointed the Managing Director of Global Globe Sdn. Bhd., a property developer and engineering group.

Datuk Rashid graduated with a Diploma in Credit Management from Institute Teknologi MARA.

He has no directorship in any public company and listed issuer.

WILLIAM TAN WEE LIAN

Divisional Head – Nylex Polymer Division

MALAYSIAN / MALE / AGE 54

William started his career as a Sales Executive in PKG in 1994. In 1997, he was transferred to Fermpro Sdn. Bhd., a subsidiary of Nylex, where he held various positions before being promoted to Deputy Managing Director in 2006. In 2005, he was given the additional responsibility of handling Nylex Specialty Chemicals Sdn. Bhd. ("NSC") and was promoted to the position of Managing Director of NSC in 2007.

On 1 January 2020, William was re-designated as the Deputy Head of Nylex Polymer Division and on 1 June 2020, as the Division's Head.

William is a graduate of the Institute of Chartered Secretaries and Administrators.

He has no directorship in any public company or listed issuer.

KONG HWAI MING

Executive Director – CKG Chemicals Pte. Ltd. ("CKG")

SINGAPOREAN / MALE / AGE 61

Hwai Ming started his career as a technician in the tankfarm and shipping operations of ESSO Refinery Pte. Ltd. in 1981. In 1989, he joined Petrochemical Corporation of Singapore Pte. Ltd. as an Operation and Shipping Executive. In 1992, he was appointed by CKG as an Operation Manager and was subsequently promoted to the position of Executive Director. In 2006, Nylex acquired 100% shareholding of CKG and Hwai Ming was retained in the same position, which he holds until today.

Hwai Ming has a Diploma in Mechanical Engineering and a Post-Diploma in Industrial Management from Singapore Polytechnic.

He has no directorship in any public company or listed issuer.

Key Senior Management

WONG SIUT YIN

Director – Kumpulan Kesuma Sdn. Bhd. (“Kesuma”)/Wedon Sdn. Bhd. (“Wedon”)

MALAYSIAN / FEMALE / AGE 53

Siut Yin joined Kesuma, a subsidiary of Nylex, as a Techno-Commercial Chemist in December 1991. She was promoted to her current position as a Director of Kesuma and Wedon in 1999, handling the technical, manufacturing and sales aspects of sealants and adhesives for the automotive and construction industries.

Siut Yin started her career as a Pharmaceutical Sales Executive in Ciba-Geigy (M) Sdn. Bhd. in July 1991 before joining Kesuma.

Siut Yin holds a Bachelor of Science (Hons) in Chemistry from the National University of Malaysia.

She has no directorship in any public company or listed issuer.

MOHD YUSOF BIN MUHAMAD DON

General Manager – Pengangkutan Cogent Sdn. Bhd. (“PCSB”)

MALAYSIAN / MALE / AGE 55

Mohd Yusof was appointed General Manager of PCSB, a subsidiary of ALB, in February 2015. Prior to joining PCSB, he was a Senior Manager/Director of Hayara Sdn. Bhd., a solid waste management contractor and Hayana Sdn. Bhd., a construction materials company, from 2013 to 2015. Before that, he held various senior managerial positions at Soi Yong Berhad and Koperasi Usaha Bersatu (M) Berhad.

Mohd Yusof holds a Bachelor’s degree in Industrial Engineering from the University of Alabama, USA.

He has no directorship in any public company or listed issuer.

SERENA KHOO SOOK LAI

General Manager – Ancom-Chemquest Terminals Sdn. Bhd. (“ACT”)

MALAYSIAN / FEMALE / AGE 56

Serena was appointed as General Manager of ACT, a subsidiary of ALB, in October 2017.

She has more than 25 years of experience in the bulk chemicals and logistics businesses. Prior to her current position, she held various positions in PKG, her last position being Senior Operations Manager.

Serena holds a postgraduate Diploma in Business Administration from the University of Central Lancashire, United Kingdom.

She has no directorship in any public company or listed issuer.

NOTES:

1. Except for Dato’ Siew Ka Wei and Siew Ka Kheong, who are brothers, there are no family relationship between the Key Senior Management with any Director and/or major shareholder of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.
3. Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years and no public sanction or penalty was imposed by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

DEAR ESTEEMED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF ANCOM BERHAD (“ANCOM” OR THE “GROUP”), IT GIVES ME GREAT PLEASURE TO PRESENT TO YOU THE MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”) FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (“FY2021”).

The Coronavirus disease 2019 (“COVID-19”) pandemic has posed many challenges to the operating landscape in FY2021. The health crisis then turned into an economic crisis that has been and continues to be detrimental to many businesses worldwide. Likewise, Ancom has not been spared by the impact and experienced disruptions arising from the various forms of movement control orders (“MCO”) in virtually all the countries we have businesses in. Thankfully, with commitment from our staff as well as support from our business partners, we have successfully navigated through uncharted waters and challenges in FY2021 and delivered our best bottom-line performance since FY2008.

Ancom recorded revenue of RM1.54 billion in FY2021, increasing 4.5% Year-on-Year (“YoY”) from FY2020. Meanwhile, we reported our highest profit after tax and non-controlling interest (“PATNCI” or “net profit”) in thirteen years, turning around from a net loss of RM9.7 million in FY2020 to a net profit of RM23.8 million in FY2021.

GROUP OVERVIEW

ANCOM IS AN INTEGRATED CHEMICALS GROUP AND A LEADING MANUFACTURER AND SUPPLIER OF AGRICULTURAL AND INDUSTRIAL CHEMICALS PRODUCTS

Ancom was established in 1969 under the name Ansul (Malaysia) Sdn. Bhd. as a pioneer in the manufacture of agricultural chemicals in the region. In 1989, the Group assumed its present name, Ancom. A year later in 1990, it was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

Ancom is also the holding company of Nylex (Malaysia) Berhad (“Nylex”) and Ancom Logistics Berhad (“ALB”), both of which are listed on Bursa Malaysia’s Main Market and ACE Market respectively.

The Group’s core businesses in agricultural chemicals, industrial chemicals, polymers and chemical logistics represented around 98% of its total revenue in FY2021.

Management Discussion and Analysis

Agricultural Chemicals Division

The sole large scale producer

of Active Ingredients for herbicides in Southeast Asia and a **key player** in Asia Pacific

The Agricultural Chemicals Division is in the business of manufacturing, formulation and sale of agricultural chemicals, focusing on crop protection and timber preservatives.

Ancom is the sole large-scale producer of Active Ingredients ("AIs") for herbicides in Southeast Asia and a key player in Asia Pacific. AIs are the key chemical compound used in herbicides, insecticides and fungicides.

We produce AIs such as monosodium methyl arsonate ("MSMA"), Diuron and timber preservatives. In addition, we also manufacture, formulate and market a wide range of herbicides, pesticides, fungicides, insecticides and rodenticides such as, amongst others, Glyphosate, 2,4D, Glufosinate Ammonium, Brodifacoum, Monoammonium, Carbosulfan, Clethodim, Cadusafos, Sulfentrazone and Tetraconazole.

The division has two production plants in Malaysia, serving both the local and overseas markets. Our products are exported to more than 40 countries across continents in North and South America, Asia, Africa and Oceania.

Locally, we have presence in downstream activities as well, offering services that include pest control, hygiene, sanitisation and fumigation.

The Agricultural Chemicals Division is held via an intermediate holding company, Ancom Agrichemical Sdn. Bhd., a wholly-owned subsidiary of Ancom. Key subsidiaries of the division are:

- Ancom Crop Care Sdn. Bhd.
- Timber Preservatives Sdn. Bhd.
- Entopest Environmental Services Sdn. Bhd.
- Common Feed Sdn. Bhd.
- Vanguard Express Sdn. Bhd.

Industrial Chemicals Division

One of the two key manufacturers of ethanol in Malaysia

The division is the largest revenue contributor of the Group with two main businesses of manufacturing and distribution of industrial chemical products.

The manufacturing business specialises in the production of ethanol, phosphoric acid, adhesives and sealants. The Group is one of the two key manufacturers of ethanol in Malaysia.

Companies involved in the manufacturing business are:

- Fermpro Sdn. Bhd.
- Nylex Specialty Chemicals Sdn. Bhd.
- Speciality Phosphates (Malaysia) Sdn. Bhd.
- Kumpulan Kesuma Sdn. Bhd.
- Wedon Sdn. Bhd.

The distribution business supplies a wide range of petrochemicals and industrial chemicals within the Asia Pacific region.

The distribution business is managed by the following companies:

- Perusahaan Kimia Gemilang Sdn. Bhd. and its subsidiaries, namely:
 - Dynamic Chemical Pte. Ltd.
 - Perusahaan Kimia Gemilang (Vietnam) Company Ltd.
 - PT PKG Lautan Indonesia
 - Ancom Kimia Sdn. Bhd.
- CKG Chemicals Pte. Ltd.

Management Discussion and Analysis

Polymer Division

The Polymer Division has two manufacturing plants – one in Shah Alam, Selangor while the other is in Surabaya, Indonesia. The division is split into four strategic business units, namely:

- 1) **Films and Coated Fabrics** - manufactures high quality, value-added synthetic leather such as polyvinyl chloride (“PVC”) and polyurethane (“PU”) leathercloths, films and sheets using casting and calendaring technology.
- 2) **Geosynthetics** - produces geosynthetic drainage products for the construction and civil engineering industries.
- 3) **Rotomouldings** - manufactures custom moulds, serving the industrial chemicals, road safety and landscaping industries.
- 4) **Trading** - markets its products through a network of distributors as well as directly to industrial customers. The unit serves markets encompassing ASEAN, Australia, India, Sri Lanka, China, Korea, the Middle East, Indian Ocean Islands and Africa.

The Polymer Division comprises Nylex and the following companies:

- PT Nylex Indonesia
- Nylex Polymer Marketing Sdn. Bhd.

Logistics Division

The Logistics Division is principally involved in:

- 1) Management and charter hire of a ship for the carriage of chemicals;
- 2) Tank farm and terminal operations for the provision of bulk storage facilities for liquid chemicals; and
- 3) Bulk chemical land transportation services.

The division owns a chemical tanker, MT Nylex 1, which has been rated with 6,800 deadweight tonnes and Tier II of the International Maritime Organisation (“IMO”) Standards. We also own and operate a fleet of prime movers, road tankers and lorries, and provide bulk chemical land transportation within Malaysia as well as cross-border movement to and from Singapore. Our terminals for the bulk storage of liquid chemicals are located in the West Port Bulk Liquid Terminal and Free Trade Zone in Port Klang. The facilities comprise 48 tanks with a combined capacity of 44,100 cubic metres, eight loading bays and five drumming stations.

The companies in this division consist of:

- ALB Marine Sdn. Bhd. (“ALB Marine”)
- Ancom-Chemquest Terminals Sdn. Bhd. (“ACT”)
- Pengangkutan Cogent Sdn. Bhd. (“PCSB”)

Media Division

The Media Division falls under the non-core division at Ancom. It offers a wide range of media platforms including outdoor billboards and indoor advertisements in cinemas, convenience shops, hypermarkets, airports, mass rail transit (“MRT”) stations and digital screens, with a primary focus within the Klang Valley.

Management Discussion and Analysis

REVIEW OF FINANCIAL RESULTS

FY2021 was truly an unprecedented and tumultuous year marred by the COVID-19 pandemic and the ensuing MCOs. The pandemic has not only brought about operational disruptions on a local level but structural changes to the global economy. Nevertheless, being one of the leading integrated chemicals group in the region, Ancom displayed resilience and adaptability during this trying period, and delivered the highest net profit since FY2008.

FY2021 REVENUE

Rose

4.5% YoY

RM1.54 BILLION



FY2021 NET PROFIT

Highest Net Profit

Since FY2008

RM23.8 MILLION



GROSS PROFIT MARGIN

Up **1.9**

Percentage Points YoY

16.1%



Revenue

The Group reported a revenue of RM1.54 billion in FY2021, 4.5% year-on-year (“YoY”) higher than the RM1.47 billion achieved in FY2020. The higher revenue was attributed mainly to the strong performances in the Agricultural Chemicals and Industrial Chemicals Divisions, which benefitted from the uptrend in global commodity prices.

Gross Profit

In line with the revenue increase, Ancom reported a gross profit of RM248.2 million in FY2021, a 19.1% YoY rise from FY2020’s RM208.5 million. The larger-than-proportionate surge in gross profit was due to improved profitability from the Industrial Chemicals business following higher average selling prices. As a result, gross profit margin rose to 16.1%, 1.9 percentage points higher than the 14.2% attained a year ago.

Profit Before Tax

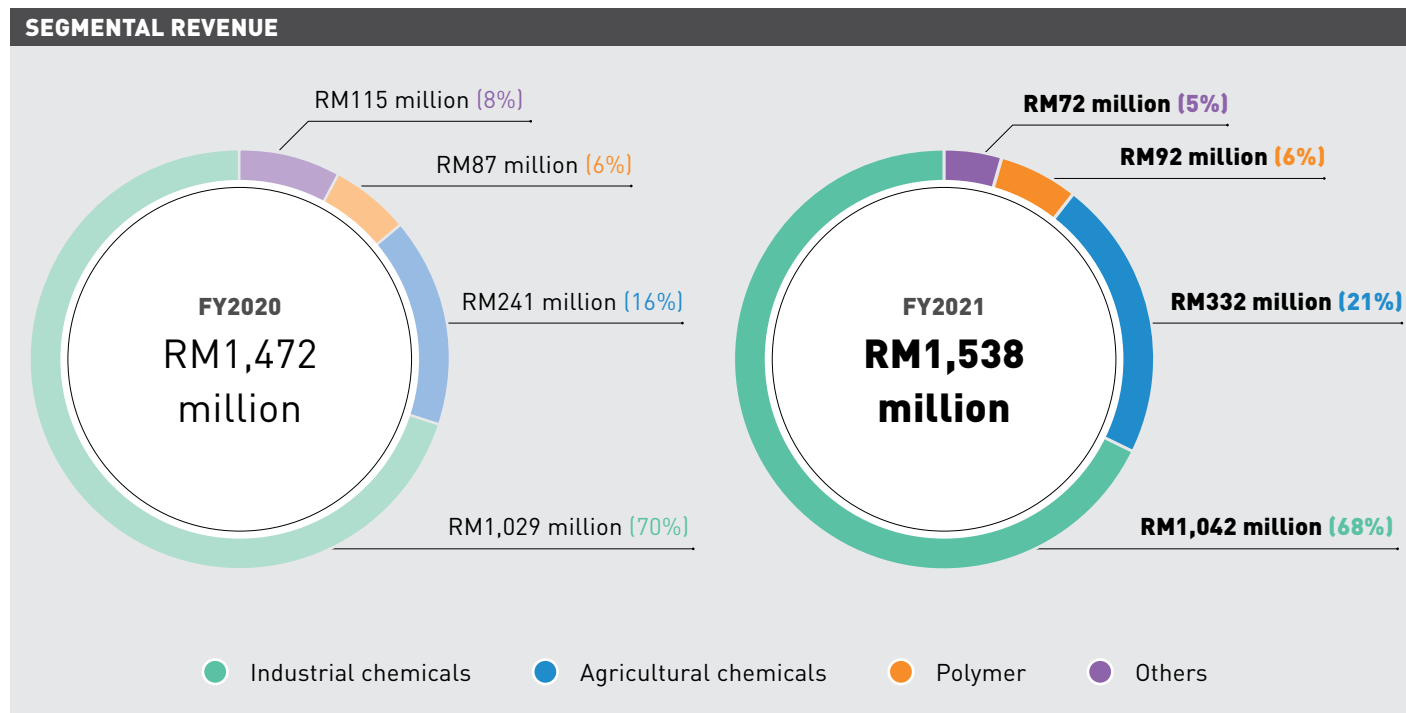
Profit before tax (“PBT”) in FY2021 was RM51.0 million, as compared to a loss before tax (“LBT”) of RM0.8 million in FY2020. In addition to higher gross profit, the turnaround in performance was also credited to better cost control measures where administrative expenses declined 16.1% YoY. Furthermore, finance costs decreased by 33.2% YoY in FY2021 on reduction in bank borrowings and lower interest rates. Included in FY2020’s LBT was a goodwill impairment and loss on disposal of other investments of RM5.5 million and RM3.0 million respectively.

Net Profit/(Loss) Attributable to Owners of Parents (“Net Profit”/“(Net Loss)”)

The Group recorded Net Profit of RM23.8 million against a Net Loss of RM9.7 million in FY2020, which was an improvement of RM33.5 million. Additionally, the Group recorded a net profit margin of 1.5% in FY2021, higher than its 5-year median of 0.9%.

Management Discussion and Analysis

SEGMENTAL ANALYSIS



Agricultural Chemicals Division

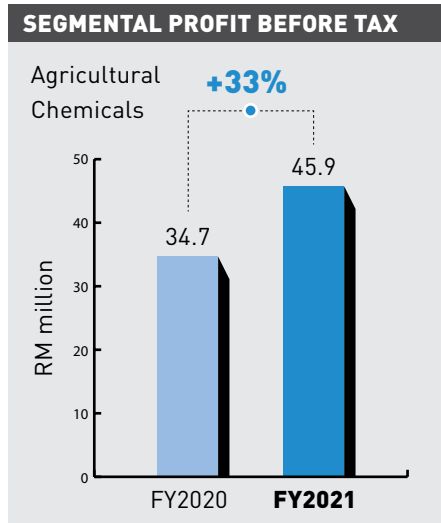
Contributing 21% of the Group's total revenue in FY2021, the Agricultural Chemicals Division remained the second-largest segment of Ancom in terms of revenue. The division generated revenue of RM332.0 million for the year, which was a 38% leap from RM241.2 million in FY2020.

The improved turnover was primarily due to the recovery in overseas sales as weather conditions in FY2021 were generally more favourable in our international markets compared to FY2020.

At the same time, global food prices had risen throughout FY2021. In May 2021, prices climbed nearly 40% YoY according to the United Nations' food price index, driven by the spike in demand. As demand for food supplies rose, sales of our agricultural chemicals products naturally rose in tandem with the higher food production.

Supported by the revenue growth, segmental PBT for the division reached RM45.9 million in FY2021. This was a 33% or RM11.2 million increase from the RM34.7 million reported in FY2020.

In terms of geographical breakdown, Malaysia remained the division's biggest market, accounting for 47% of the total revenue in FY2021. Looking at our export markets, Brazil had the largest slice with 12% of the divisional revenue, followed by South Africa and the United States at 7% and 5% respectively.



Management Discussion and Analysis

Industrial Chemicals Division

Segmental revenue for the Industrial Chemicals Division rose by 1% or RM13.4 million YoY to RM1.04 billion this year. Being Ancom's largest top-line contributor, the division generated 68% of Group turnover in FY2021. Segmental PBT improved from LBT of RM6.0 million in FY2020 to PBT RM25.8 million in FY2021.

The division benefitted greatly from the recovery of the crude oil prices after a favourable outcome from a series of negotiations between the members of the Organisation of the Petroleum Exporting Countries ("OPEC") and the OPEC+ countries to restrain output. During the financial year, we witnessed the recovery of the Brent crude oil price from about USD39.46 per barrel in early June 2020 to USD66.40 per barrel at the end of May 2021.

Distribution Business

The Distribution Business recorded a 1% YoY growth in revenue from RM936.8 million in FY2020 to RM949.2 million in FY2021. The rise was attributed to the improved commodity markets with the business reporting higher sales volume as well as higher average selling prices for products such as methanol.

Manufacturing Business

Revenue from the Manufacturing Business stood at RM92.9 million in FY2021, a 1% rise from RM91.9 million recorded in FY2020. The adhesives and sealants business posted higher revenue growth of 27% compared to FY2020, benefitting from the automotive industry growth after the announcement of the sales tax exemption on cars.

The demand for our Ethanol fell by 3%, as demand from paints, coatings and printing industries fell, coupled with lower sales volume to local sanitiser producers, as many traders resorted to import directly from China. At the same time, Phosphoric acid reported lower revenue by 3% due to lower demand from oleo refineries.

Polymer Division

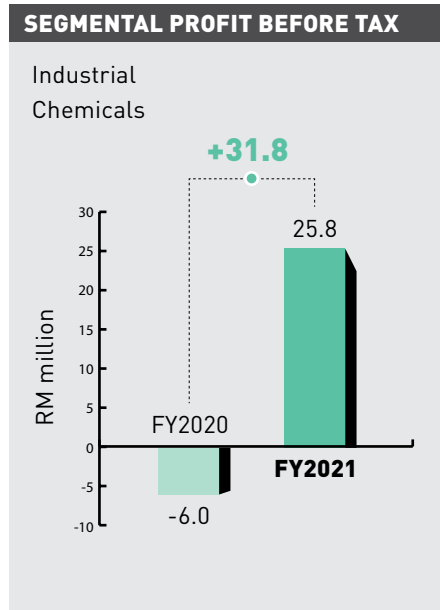
Revenue from the Polymer Division grew by 6% YoY to RM91.7 million in FY2021 from RM86.9 million a year ago, boosted mainly by a spike in turnover for certain products in the fourth quarter of FY2021. Prior to that, contributions from both the Shah Alam and Surabaya plants were generally lower in the first nine months of FY2021 due to weaker consumer demand amid the COVID-19 pandemic.

All in all, segmental PBT dropped 12.5% YoY to RM5.4 million in FY2021 due to higher raw material prices and freight costs in FY2021.

Logistics Division

The Logistics Division reported a slight dip in revenue to RM39.9 million for the year from the RM42.1 million registered a year ago. Lower charter volume in the first half of FY2021 within the ASEAN region dragged down the full year figure.

Despite the lower turnover, segmental PBT rose by 80% YoY to RM2.8 million, thanks to the improvement in vessel utilisation in the second half of the year.



Management Discussion and Analysis

Media Division

Revenue from the Media Division dropped to RM12.7 million in FY2021 from RM51.8 million in FY2020. The COVID-19 pandemic and resultant MCOs have had a severe impact on the landscape of the advertising business as a whole.

Nevertheless, we saw better operating results this year where segmental LBT reduced from RM7.7 million in FY2020 to RM4.0 million in FY2021, attributed to the renegotiation of a lower cost structure as well as reversal of overprovision for expenses and impairments.

Investment Holding and Others Divisions

This segment includes our investment holding as well as our non-core activities in education, information technology, electrical businesses and property development.

Investment Holding and Others Divisions recorded a LBT of RM23.9 million in FY2021 from RM30.2 million in FY2020, with the improvement mainly due to cost rationalisation measures.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS AS AT 31 MAY 2021

RM Million	As as 31 May 2020	As at 31 May 2021
Total Assets	959.3	1,068.3
Total Liabilities	535.7	585.9
Shareholders Equity	311.7	362.2
Non-Controlling Interests	111.9	120.2
Total Borrowings	322.1	300.8
Lease Liabilities Owing to Financial Institutions	6.4	4.4
Cash and Bank Balances	97.1	105.8
Net Operating Cash Flow	126.1	31.5
Net Assets Per Ordinary Share (RM)	1.40	1.49
Net Gearing Ratio	0.74x	0.55x

NET OPERATING CASH FLOW

RM31.5 Million



NET GEARING RATIO

0.55 times



NET ASSETS PER ORDINARY SHARE

RM1.49



Balance Sheet Strength

As at 31 May 2021, Ancom's total assets stood at RM1.07 billion compared to the RM959.3 million reported last year. The Group's cash and bank balances amounted to RM105.8 million, which was RM8.7 million higher than a year ago.

Meanwhile, total liabilities were RM585.9 million at the end of FY2021 versus RM535.7 million recorded at the end of FY2020. The increase was attributed mainly to higher trade and other payables. Nevertheless, the Group continued to pare down its debt. As at 31 May 2021, total borrowings were reduced to RM300.8 million from RM322.1 million recorded a year ago.

Management Discussion and Analysis

Net Gearing Ratio

The rise in cash and bank balances, along with the decrease in total borrowings and lease liabilities owing to financial institutions had collectively contributed to a healthier net gearing ratio. At the end of FY2021, Ancom's net gearing ratio was at a much healthier level of 0.55 times, a significant improvement from the 0.74 times at the end of FY2020.

Net Operating Cash Flow

The Group generated a positive net operating cash flow ("NOCF") of RM31.5 million in FY2021. This was its fourth consecutive year it was reporting a positive NOCF.

ANTICIPATED OR KNOWN RISKS

Supply Chain Disruptions

The COVID-19 pandemic has accentuated the risk of interruptions to our supply chain. Operational disruptions of our suppliers, due to reasons such as lockdowns, could have negative impact on our financial performance. As part of our risk mitigation measures, we maintain regular contact with our key suppliers to anticipate potential disruptions earlier and manage them accordingly. Apart from that, we strive to maintain a diverse supply chain, whenever possible, to reduce over-reliance on any single supplier.

High Freight Costs

We export a sizeable amount of our products overseas. As a result of the COVID-19 pandemic, the cost of freight has reached an unusually high level. If the maritime freight costs remain at an elevated rate, our profitability may be affected. To manage this risk, we maintain regular communications with our logistics providers to monitor the latest development on the freight rates. Whenever possible, we strive to optimise our maritime freight scheduling to minimise costs.

Natural Disasters

Adverse and extreme weather conditions in the regions where our clients operate in could adversely impact the profitability of the Agricultural Chemicals Division. Floods, bushfires and droughts could cause crop failures, thus reducing the demand for agricultural chemicals products. To mitigate such risk, we are constantly exploring and expanding our client base to include customers from different regions.

Changes in Regulations and Government Policies

We are subjected to regulations and policies set by the local authorities in the countries we conduct business in. Our Agricultural Chemicals Division operates in a highly regulated industry and has exposure across many countries with differing jurisdictions while the Industrial Chemicals Division has stringent requirements on compliance to safety and environmental regulations. As part of our risk management, Ancom engages with the respective local authorities to keep abreast of the latest developments and closely monitors for any potential regulatory change.

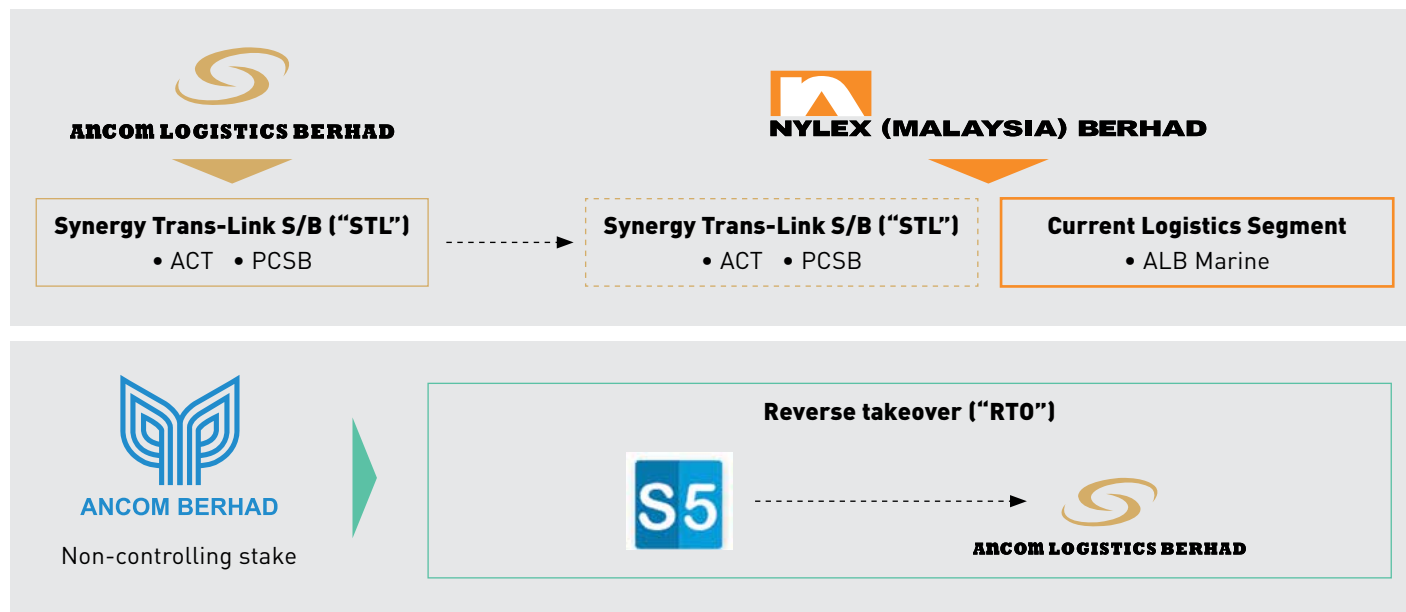
Management Discussion and Analysis

CORPORATE DEVELOPMENTS

Proposed Acquisition of S5 Holdings Inc. by Ancom Logistics Berhad (“ALB”) and Consolidation of Logistics Businesses

On 16 July 2020, the Group had entered into a Heads of Agreement with S7 Holdings Sdn. Bhd., Merrington Assets Limited, MY E.G. Capital Sdn. Bhd. and Avocat Sdn. Bhd. for the proposed acquisition of S5 Holdings Inc. by ALB at a valuation to be determined later (“Proposed Acquisition of S5”).

Under the agreement, ALB will also embark on the proposed disposal of its wholly-owned subsidiary, Synergy Trans-Link Sdn. Bhd. (“STL”) to Nylex at a valuation to be determined later. STL owns 51% of ACT, which operates the terminal business, and 100% of PCSB, a chemical transportation subsidiary. Effectively, the move will group all of Ancom’s logistics businesses under one entity. As such, the Group is expected to realise synergistic value stemming from enhanced operational efficiency and cost savings.



The Proposed Acquisition of S5 will be settled in the form of new ALB shares at an issue price of RM0.10 per share. Upon completion of the exercise, ALB will cease to be a subsidiary of Ancom. In turn, Ancom will have a non-controlling stake in S5 Holdings Inc., giving the Group a small exposure to the e-Government services industry.

The corporate exercise is currently ongoing and, barring any unforeseen circumstances, is expected to be completed in early 2022.

Merger of Ancom and Nylex: Proposed Acquisition of Remaining Stake in Nylex’s Business en route to be a Fully Integrated Chemical Group

On 28 April 2021, Ancom announced the proposed acquisition of all assets and liabilities of Nylex (“Proposed Acquisition”) for a total consideration of RM179.3 million, which translates to RM1.00 per Nylex share. The price was determined based on a premium of 16.2% to 31.5% over a series of volume weighted average market prices (“VWAMP”) of Nylex shares up to and including 27 April 2021.

As Ancom currently owns 50.3% of Nylex, the related portion will be set off against its entitlement. Accordingly, the net purchase consideration payable by Ancom will be RM96.7 million, which is for the 49.7% stake it does not own. The purchase will be satisfied via RM50.0 million in cash and issuance of 31.1 million new Ancom Shares for the remaining RM46.7 million. This translates to RM1.50 per Ancom share, which was determined after taking into consideration a series of VWAMP up to and including 27 April 2021.

Management Discussion and Analysis

After completion of the Proposed Acquisition, Nylex will retain RM15.0 million cash in the company. It will be classified as a Cash Company upon approval from the Securities Commission Malaysia (“SC”). Meanwhile, the balance of RM81.7 million will be distributed to all shareholders of Nylex, other than Ancom.

On 28 June 2021, the Board of Directors of Nylex had accepted the Proposed Acquisition. Further to this, Ancom and Nylex will each hold their respective Extraordinary General Meeting (“EGM”) to seek shareholders’ approval as well as approval from other relevant authorities. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by end of first quarter of 2022.

Through this exercise, Ancom is poised to become a fully integrated chemical group. With full control of Nylex’s businesses, Ancom and Nylex would have greater flexibility on the articulation and execution of its overall strategies.

OUTLOOK AND PROSPECTS

The COVID-19 pandemic is expected to prevail into 2022 which may continue to disrupt the global economy as well as operations across industries. Hopefully, with the rising COVID-19 vaccination rate worldwide, economies would reopen gradually and thereafter, improving consumer confidence and business outlook.

Nevertheless, the Group will progress with its plan in building new capabilities and capacities for long-term growth, which should better position the Group to face future challenges.

Agricultural Chemicals Division

In our quest to better serve our customers, we have begun the production of two (2) new products recently. We are working to grow and capture more market share for the new products which would contribute positively onwards to the earnings from FY2022 onwards.

The construction of the new 70,000 square feet plant in Klang, Selangor, adjacent to our existing facility has faced delays due to COVID-19 containment measures. We now expect the plant to be completed in the second half of 2022. Initially, this would potentially add an estimated 650 metric tonnes of output per annum to the Group for the additional two (2) new products.



Essentially, the long-term growth prospects of the Agricultural Chemicals business is linked to the growing world population. As the population increases, adequate food supply, availability of land and assurance of food security becomes increasingly important. This presents business opportunities to us in providing crop management solutions for maximising crop yield and production of our customers.

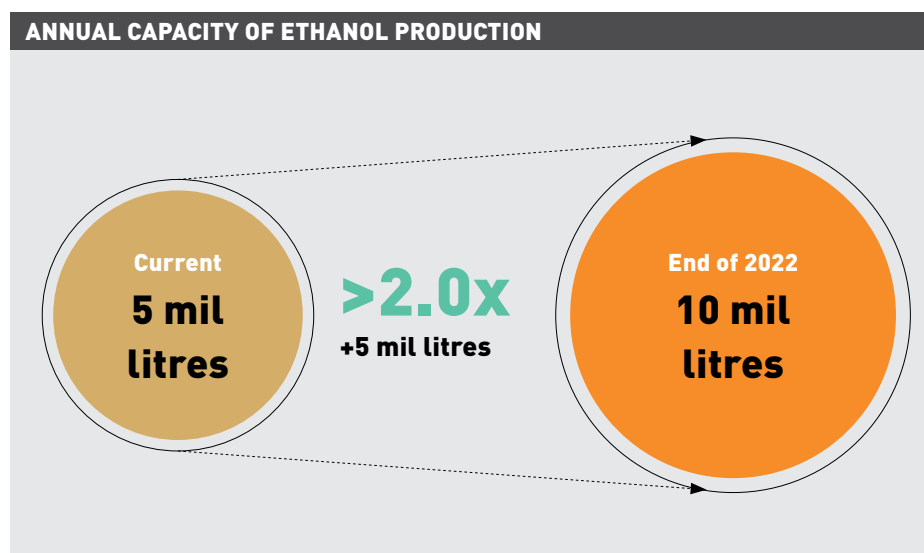
Management Discussion and Analysis

Industrial Chemicals Division

According to OPEC, world oil demand for the rest of 2021 as well as 2022 will continue to recover amid the expected economic recovery. As for the price trend, the U.S. Energy Information Administration ("EIA") had in July 2021 forecasted that the Brent crude oil price would average at USD72 per barrel in the second half of 2021 and USD67 per barrel in 2022. The projected sustained oil price bodes well for the outlook of the Group's Industrial Chemicals Division, as the average selling prices of its products are correlated positively to the oil price.

While we are cautiously optimistic on the prospect of the distribution business, we remain cognisant of the continual threats posed by the pandemic which could potentially disrupt the revitalisation trend of the global economy to beyond 2022.

On the manufacturing side, the healthy demand for phosphoric acid is projected to maintain at the current level, premised on the prevailing healthy demand for palm oil. Furthermore, we are positive of future growth of ethanol business and we are expanding our facility in Chuping, Perlis. This would enhance our capacity of ethanol production by 2.0 times from the current 5 million litres to 10 million litres annually. The expansion is expected to be completed by December 2022 or early 2023.



Logistics

Our Logistics Division will continue to complement the Industrial Chemicals Division by providing intra-group logistics support as well as offering bulk cargo services to customers in the Southeast Asian and South China regions.

Media

We continue to rationalise our exposure to the media and advertising business and hence, the results from this segment are not expected to be significant heading into FY2022.

APPRECIATION

I would like to express my heartfelt gratitude to my fellow Board members, Management and staff of Ancom for delivering such a commendable performance, particularly during this unprecedented period caused by the COVID-19 pandemic. You have shown commitment, resilience and adaptability that deserves the utmost commendation.

I would also like to extend my appreciation to our valued stakeholders, namely our customers, business associates, bankers and suppliers for your continuous support and faith in us throughout the year.

I have no doubt that the Management team and staff, under the capable stewardship of the Board, will continue to propel Ancom to greater heights in the future.

Dato' Siew Ka Wei

Executive Chairman

Corporate Governance Overview Statement

THE BOARD OF DIRECTORS (“BOARD”) OF ANCOM BERHAD (“COMPANY”) AND ITS SUBSIDIARIES (“GROUP”) REMAINS COMMITTED TO UPHOLDING AND ENHANCING CORPORATE GOVERNANCE WITHIN THE ORGANISATION.

THE BOARD IS OF THE VIEW THAT GOOD CORPORATE GOVERNANCE IS ESSENTIAL TOWARDS THE REALISATION OF BUSINESS STRATEGIES AND OBJECTIVES AND IN IMPROVING ITS PERFORMANCE BASED ON A TRIPLE BOTTOM LINE PERSPECTIVE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL MATERIAL TOPICS. THE CREATION OF FINANCIAL AND NON-FINANCIAL VALUES IS INHERENTLY LINKED TO THE PRACTICE OF GOOD CORPORATE GOVERNANCE ACROSS THE GROUP.

This Corporate Governance Overview Statement (“CG Overview Statement”) provides an overview of how the Group has continued to enhance its practice of corporate governance based on the following principles:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement has applied and complied with the relevant principles, practices and recommendations as set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”), issued by the Securities Commission, as well as the Corporate Governance Guide (“Guide”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) for the financial year ended 31 May 2021.

This CG Overview Statement should be read together with the Company’s Corporate Governance Report (“CG Report”) for the financial year ended 31 May 2021, available on the Company website at www.ancom.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board views integrity, accountability and good governance as an intrinsic part of its overall responsibility in providing leadership and broad strategic direction. The Board retains full and effective control of and responsibility for the Group. The principal duties and responsibilities of the Board are as follows:

- Formulate and chart the Group’s strategic direction, setting out the Group’s short-term and long-term plans and objectives;
- Review and approve the Group’s key operational policies and strategic plans;
- Oversee and review the Group’s business operations and financial performance;
- Oversee the development, implementation and review of the succession plan for the Directors and key senior management;
- Understand the principal risks of the Group’s business;
- Review/Monitor the risk management framework and the adequacy and integrity of the Group’s internal control system and management information system;
- Ensure the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company’s and the Group’s financial and non-financial reporting; and
- Formulate good governance principles and promote ethical behaviour within the Group to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the Group’s business objectives.

Corporate Governance Overview Statement

The Board has established an Audit Committee and a Remuneration and Nomination Committee (“R&N Committee”) to assist the Board in carrying out its responsibilities more effectively. These Committees are entrusted with the authority to act on behalf of the Board in accordance with their respective Terms of References.

Please refer to the Audit Committee Report and Remuneration and Nomination Committee Report in this Annual Report for further details of their activities.

Distinctive Functions of the Board and Management

The Board has overall responsibility for the proper conduct of the Group’s business as it strives to achieve its business objectives and goals by providing clear and effective entrepreneurial leadership to the Management. In addition to its stewardship, the Board ensures that Management has in place achievable strategic plans and objectives as well as the appropriate processes for risk assessment, risk management and internal controls.

The Board is responsible for formulating the Group’s strategic direction with the Management team. The Board does not involve itself in the day-to-day business operations of the Group, delegating such responsibility to the Executive Chairman (“EC”)/Group Chief Executive Officer (“GCEO”) and Management team, which consists of the Divisional Heads/Divisional Managing Directors and Chief Financial Officers.

In addition to his executive role in managing the Group’s operations, the EC is also primarily responsible for instilling leadership and ensuring ethical as well as effective conduct of the Board in discharging its responsibilities.

The GCEO, who heads the Management team, has overall responsibility for the day-to-day management of the Group’s business and operations. He oversees the Management’s implementation of the Group’s business plans and strategies as agreed by the Board to achieve the goals set by the Board.

BOARD CHARTER

The Board Charter was last reviewed by the Board on 27 August 2021 and is available on the Company’s website at www.ancom.com.my. The Board Charter sets out broadly the following items:

- Board composition and duties and responsibilities of the Board members;
- Roles of the EC and GCEO;
- The establishment of Board Committees;
- Processes and procedures for convening Board meetings;
- Board’s access to information and advice;
- Re-election of Directors;
- Tenure of Independent Directors; and
- Code of Conduct and Ethics.

SEPARATION OF THE POSITIONS OF THE EC AND GCEO

In ensuring independence of function and an effective system of checks and balances, the role of the EC and GCEO are held by two different individuals at all times. There is a clear division of responsibilities and authority between both positions at all times. As an added measure, the GCEO, who reports to the EC, is not a Board member.

Corporate Governance Overview Statement

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board is supported by two (2) professionally qualified Company Secretaries, each having more than twenty (20) years of experience in company secretarial practices.

The Company Secretaries work closely with the EC and the GCEO to ensure timely and appropriate information flow within the Board and to the Committees and Management. They are also the focal point for stakeholder communication.

For further details on the Company Secretaries' job scope and responsibilities, please refer to the Company's CG Report at www.ancom.com.my.

STRATEGICALLY PROMOTING SUSTAINABILITY

The Board champions good corporate governance in the application of sustainability practices throughout the Group. This ultimately translates into better corporate performance and value creation for shareholders.

The Group continued to carry out activities which demonstrate its commitment to creating better environmental, social and governance outcomes, in line with its sustainability agenda during the financial year ended 31 May 2021. These activities are as reported in the Sustainability Statement in this Annual Report.

ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted access to Group information, and are free to interact with Management to obtain updates or explanation on any aspect of the Group's operations or business. These interactions take place during the quarterly Board meetings or as and when deemed necessary. There is no restriction on the number of meetings between the Directors and Management. All Directors have unrestricted access to the service and advice of the Company Secretaries. The Directors may obtain independent professional advice on specific matters relevant to the furtherance of their duties when necessary at the Company's expense and without the need for specific approval of the EC.

Prior to Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the Quarterly Interim Financial Reports or the Annual Audited Financial Statements, reports of the Board/Committees, Internal Audit Reports and other matters.

Members of senior management are invited to attend Board/Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Committee meetings to provide the Board/Committees with explanations or clarification to facilitate informed decision-making.

CODE OF CONDUCT AND ETHICS

The Group takes a strong stance against the use of corrupt practices in relation to its activities and promotes a culture of integrity within the organisation by ensuring there are adequate policies and procedures which are implemented appropriately in line with the principles under the Guidelines for Adequate Procedures [Section 17A of the Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018]. Hence, all its Directors, managers and employees are expected to conduct themselves with integrity in carrying out their functions.

Corporate Governance Overview Statement

The Board, in discharging its oversight role, conducts its business according to professional standards as defined in the Company's policies below:

No.	Policy	Date of Last Board Review
1.	Code of Conduct and Ethics	27 August 2021
2.	Anti-Bribery and Anti-Corruption Policy	29 July 2021
3.	Whistle-Blowing Policy	29 July 2021

All the above policies are available on the Company's website at www.ancom.com.my.

BOARD COMMITTEES

The Board Committees established by the Board are guided by their respective Terms of References. The Chairman of each Board Committee reports to the Board during full Board meetings of the matters discussed at each of the Committee meeting.

BOARD COMPOSITION

As at 31 May 2021, the Company's Board comprised one (1) EC, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors.

A GCEO, who is not a Board member, has also been appointed since 2018 to support the EC and the Board.

With over 70% representation of Independent Non-Executive Directors, the Board's composition not just complies but exceeds the expectation of the Listing Requirements and Practice 4.1 of the MCCG.

Independent Non-Executive Directors have the mandate of bringing objectivity to the oversight function of the Board. The objectivity inherent to these Directors allows them to debate with and challenge the senior management team in a relatively more unbiased manner compared to Executive Director, who plays a key role in developing strategic direction and running the business. Hence, the presence of a significant majority of Independent Non-Executive Directors on the Board is an assurance of sound decision-making process for the wellbeing of the Group.

ASSESSMENT OF INDEPENDENCE

Directors' independence is determined based on the definition of an Independent Director in the Listing Requirements, i.e.:

- Presently not a employee of the Company and its related corporations and is independent of any business relationship or dealings with the Group; and
- Continued ability to exercise independent judgment at all times on all matters brought forward for Board deliberation.

Directors are assessed for independence by the Board, through the R&N Committee, prior to their appointment and thereafter, on an annual basis and at any time deemed necessary by the Board. During the financial year, all Board Independent Directors have met the criteria for independence in the Listing Requirements.

No Independent Director has been engaged in the day-to-day management of the Company and of the Group, has participated in any business dealings or are involved in any other relationship with the Company and the Group (other than in situations permitted by the applicable regulations).

Further details on the assessment of Independent Directors may be found in the Remuneration and Nomination Committee Report of this Annual Report.

Corporate Governance Overview Statement

SENIOR INDEPENDENT DIRECTOR

The Board operates in an open environment, whereby opinions and information are freely exchanged. On this basis, the Board has decided to dispense with the appointment of a Senior Independent Non-Executive Director to whom any concerns may be conveyed.

Moving forward, concerns will not be focused on a single Director, as all members of the Board fulfill this role, individually and collectively.

BOARD DIVERSITY POLICY

In selecting its Directors, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and soundness of judgement to ensure the Board functions effectively and is able to discharge its duties in the best interests of the Company and its shareholders.

The Company's Board Diversity Policy, which was last reviewed by the Board on 27 August 2021, is available on the Company's website at www.ancom.com.my.

The Board is supportive of Boardroom gender diversity as recommended by the MCCG and will take gender into consideration in the nomination and selection of new Directors. However, the appointment of new Directors will continue to be guided by the skills, knowledge, experience and qualifications of the candidates, rather than their gender or ethnicity alone.

APPOINTMENT OF NEW DIRECTORS

The Board, being satisfied with the composition of the Board and Committees and their respective performance, was of the view that there is no need to make any changes to the composition of the Board and the Committees during the financial year.

ANNUAL ASSESSMENT

The R&N Committee reviews and evaluates the performance of the Directors as well as the Board Committees annually.

Please refer to the Remuneration and Nomination Committee Report in this Annual Report for more details.

TIME COMMITMENT

Directors must be able to allocate sufficient time and commitment in discharging their duties to the Company and as such, time commitment is a key criterion for the assessment of Director's effectiveness and performance. This includes attendance at Board and Committee meetings, participation in meetings and other necessary duties. The Board obtains this commitment from Directors at the time of appointment.

At the end of every calendar year, the Company Secretaries will draw up a proposed timetable for all Board/Committee meetings and annual general meeting to be held in the following year to help the Directors plan their schedules and attend the meetings.

At present, no Directors have held more than five (5) directorships during the financial year and as such, have duly complied with Paragraph 15.06 of the Listing Requirements.

Five (5) Board meetings, four (4) Audit Committee meetings and one (1) R&N Committee meeting were held during the financial year. The attendance records below indicate the Directors' commitment in carrying out their duties:

Corporate Governance Overview Statement

Name of Directors	Attendance
Board Meetings	
Dato' Siew Ka Wei	5/5
Tan Sri Dato' Dr Lin See Yan	5/5
Tan Sri Dato' Seri Abdull Hamid Bin Embong	4/5
Chan Thye Seng	4/5
Edmond Cheah Swee Leng	5/5
Lim Hock Chye	5/5
Datuk Dr Abd Hapiz Bin Abdullah	5/5
Audit Committee Meetings	
Edmond Cheah Swee Leng	4/4
Tan Sri Dato' Seri Abdull Hamid Bin Embong	4/4
Lim Hock Chye	4/4
R&N Committee Meeting	
Tan Sri Dato' Dr Lin See Yan	1/1
Edmond Cheah Swee Leng	1/1
Lim Hock Chye	1/1

All the Directors have exceeded the Listing Requirements' criteria for attendance at Board meetings during the financial year.

All the Directors have attended the Company's 51st Annual General Meeting held on 21 October 2020.

DIRECTOR'S TRAINING

All Directors have completed the Directors' Mandatory Accreditation Programme ("DMAP") prescribed by Bursa Securities.

The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to discharge their duties and responsibilities effectively. The Board has assumed the responsibility for determining the training needs of the Directors and filling any gaps identified. The Company Secretaries also provide updates to the Directors from time to time on relevant guidelines as well as statutory and regulatory requirements.

In addition, the Directors attended various programmes and forums facilitated by external professionals, covering changes in the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and Section 17A of the Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018.

REMUNERATION OF DIRECTORS

Details of the Directors' remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2021 are disclosed in the Remuneration and Nomination Committee Report in this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Group's Audit Committee comprises exclusively of Independent Directors with the Chairman of the Committee being a certified accountant and a member of the Malaysian Institute of Accountants. In compliance with the MCCG, the Audit Committee Chairman is not the Chairman of the Board.

The roles and responsibilities of the Audit Committee is provided for in its Terms of Reference, which is available on the Company website at www.ancom.com.my. In executing its role, the Audit Committee is supported by the Company's external and internal audit functions. On matters pertaining to risk, the Audit Committee is supported by the Risk Management Working Group.

Please refer to the Audit Committee Report in this Annual Report for detailed information on the work scope undertaken by the Audit Committee in the financial year under review.

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board strives to present a true and fair, comprehensive, balanced and meaningful evaluation and assessment of the financial performance, financial position and future prospects of the Group in the Annual Audited Financial Statements and the Quarterly Interim Financial Reports (collectively "Financial Statements") of the Company and of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group, ensuring that the Financial Statements are prepared in accordance with the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Listing Requirements and other statutory and regulatory requirements.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS BY THE AUDIT COMMITTEE

Under its Terms of Reference and the External Auditors' Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

Please refer to the Audit Committee Report in this Annual Report for more details.

RISK MANAGEMENT AND INTERNAL RISK CONTROL FRAMEWORK

The Board acknowledges its responsibility to maintain a sound risk management and internal control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance, and to design measures to manage those risks. This system is intended to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the shareholders' investments and Group's assets.

The Board's approach to risk management is reinforced with the Company's Whistle-Blowing Policy as well as the Anti-Bribery and Anti-Corruption Policy, designed to encourage a culture where wrongdoing can be addressed quickly and potentially before any regulatory action or damage to reputation.

The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors.

The Board is of the view that the system of internal control and risk management in place is sound and sufficient to safeguard the Group's assets, shareholders' investments and the interests of customers, regulators, employees and other stakeholders.

INTERNAL AUDIT FUNCTION

To assist the Board in maintaining a sound system of internal control and guard against the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the shareholders' investments and Group's assets, the Board outsources the Internal Audit function to Sterling Business Alignment Consulting Sdn. Bhd., an independent firm of consultants.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's risk management and internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, and preserving the quality of assets and the integrity of the management information system.

Corporate Governance Overview Statement

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

COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the importance of timely and thorough dissemination of material information about the Group's business to its shareholders and investors to enable informed investment decisions. The Board regards regular communication with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building good relationships with its shareholders and investors.

The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.ancom.com.my, and to ensure that such information is managed properly to avoid leakage or improper use. The Board takes reasonable steps to ensure all investors have equal access to material information.

Shareholders and investors are encouraged to submit their queries and concerns to the Company via its website at www.ancom.com.my or via email to companysecretary@ancom.com.my. Such queries will be attended by the Company Secretaries, the Board or senior management, as the case may be.

CONDUCT OF GENERAL MEETINGS

General meetings remain the principal forum for dialogue between the Company and its shareholders, and a means of communication with its shareholders.

To encourage more shareholders' participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her. The proxy need not necessarily be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows a proxy to speak at general meetings. Notices of the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings of the general meetings are recorded by the Company Secretaries and made available for inspection by shareholders at the Company's registered office. A summary of key matters discussed at the general meetings is also posted on the Company's website at www.ancom.com.my.

LEVERAGING INFORMATION TECHNOLOGY

The Board leverages information technology to hold virtual shareholder meetings in order to facilitate the participation of remote shareholders and voting in absentia.

Given the prevailing pandemic situation and with emphasis on health and safety, the Company conducted a fully virtual extraordinary shareholders meeting and an annual general meeting in August 2020 and October 2020 respectively.

The Company releases all material information publicly through Bursa Securities' website at www.bursamalaysia.com and via the Company's website at www.ancom.com.my.

POLL VOTING

As provided in the Company's Constitution, all resolutions at the shareholder meetings are decided via poll voting.

CORPORATE GOVERNANCE REPORT

Further details of the Company's application and compliance with the MCCG as well as explanations for any deviations can be obtained from the Company's CG Report, available on the Company's website at www.ancom.com.my.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions in the financial year ended 31 May 2021.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference which is available on the Company's website at www.ancom.com.my. The Terms of Reference was last reviewed by the Board on 29 July 2021.

AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

No.	Name	Directorship	No. of Meetings Attended
1.	Edmond Cheah Swee Leng (Chairman)	Independent Non-Executive Director	4/4
2.	Tan Sri Dato' Seri Abdull Hamid Bin Embong (Member)	Independent Non-Executive Director	4/4
3.	Lim Hock Chye (Member)	Independent Non-Executive Director	4/4

The Audit Committee Chairman, Edmond Cheah Swee Leng, is a member of the Malaysian Institute of Accountants ("MIA") and the Association of Chartered Accountants, England and Wales ("ICAEW"). The Audit Committee meets the requirements of paragraph 15.09(1)(a), (b) and (c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance 2017 ("MCCG").

The positions of Chairman of the Audit Committee and Chairman of the Board are assumed by different persons to prevent any impairment on objectivity of the Board's review of the Audit Committee's findings and recommendations.

A policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee has been formulated and included in the Terms of Reference of the Audit Committee. None of the members of the Audit Committee was a former audit partner.

The Internal Auditors and External Auditors attended three (3) Audit Committee meetings respectively during the financial year.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee undertook the following activities in carrying out its duties as set out in its Terms of Reference:

FINANCIAL RESULTS

The Audit Committee reviewed the Quarterly Interim Financial Reports ("Interim Financial Reports") presented by the Management to ensure compliance with the disclosure requirements of the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements prior to recommending to the Board for its consideration and approval, and for subsequent announcement to Bursa Malaysia Securities Berhad ("Bursa Securities"). The Audit Committee also sought clarifications from Management on the Group's performance from time to time.

Audit Committee Report

In addition, the Audit Committee reviewed the Annual Audited Financial Statements (“Audited Financial Statements”) presented by Management in the presence of the External Auditors to ensure these complied with the disclosure requirements of the MFRSs and IFRSs, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements. The Audit Committee also sought to resolve contentious issues, if any, prior to recommending the Audited Financial Statements to the Board for its consideration and approval, and for subsequent announcement to Bursa Securities.

In both the above reviews, the Chief Financial Officer (“CFO”) assured the Audit Committee that the Interim Financial Reports and Audited Financial Statements had been prepared based on the consistent application of generally acceptable accounting policies and standards and that there were no material misstatements. The CFO further assured that the Interim Financial Reports and Audited Financial Statements gave a true and fair view of the financial positions of the Company and of the Group as at the respective reporting dates and of the financial performance and cash flows of the Company and of the Group for the reporting financial periods/year.

EXTERNAL AUDIT

The Audit Committee carried out the following tasks during the financial year in relation to the External Audit:

- Reviewed and approved the External Audit Plan, scope and nature of the statutory audit of the Company’s and of the Group’s Financial Statements prior to the audit;
- Reviewed the External Audit Reports and results of the External Auditors’ examination of the Company’s and of the Group’s Audited Financial Statements;
- Reviewed the External Auditors’ recommendations on internal control weaknesses noted and Management’s response to these recommendations;
- Reviewed and discussed with the External Auditors the impact of new and proposed changes in the financial reporting standards and other new developments in financial reporting;
- Reviewed the suitability of the External Auditors for re-appointment, taking into consideration their independence, performance, competence, experience, provision of non-audit services and audit fees; and
- Received from the External Auditors written assurance confirming their professional independence to the audit engagement.

INTERNAL AUDIT

The Audit Committee undertook the following tasks during the financial year in relation to the Internal Audit:

- Reviewed and approved the Internal Audit Plan, including the scope of audit and ensured that all major and/or high-risk activities were covered;
- Reviewed the Risk Assessment Reports and ensured the effective implementation of a risk management system across the Group;
- Reviewed the quarterly Internal Audit Reports, which detailed the observations and recommendations of the Internal Auditors and the Management’s response to these recommendations;
- Reviewed weaknesses noted in the quarterly Internal Audit Reports and incidences of non-compliance of the internal control system to assess their possible impact on the effectiveness of the internal control system, the Group’s financial results as well as going concern assumptions;
- Reviewed Management’s remedial actions to be undertaken in relation to any weakness and/or non-compliance and the follow-up actions undertaken by the Management;
- Reviewed the suitability of the Internal Auditors for re-appointment, taking into consideration their independence, performance, competence, experience and fees; and
- Received from the Internal Auditors written assurance confirming their professional independence to the audit engagement.

RISK MANAGEMENT

The Audit Committee reviewed the Group’s Risk Management Framework and Registry of Risk as well as ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statement on Risk Management and Internal Control in this Annual Report.

Audit Committee Report

ANTI-BRIBERY AND ANTI-CORRUPTION MANAGEMENT/ WHISTLE-BLOWING

In the last financial year, the Company initiated the Anti-Bribery and Anti-Corruption Management within the Group.

A Whistle-Blowing Policy has also been formulated along with a Whistle-Blowing channel on the Company's website www.ancom.com.my for employees and any stakeholder to raise genuine concerns of wrongdoing or improper conduct involving the Group and its Directors, managers or employees in accordance with the Company's Whistle-Blowing Policy.

No corruption and bribery incidences involving the Group and its Directors, managers or employees were reported during the financial year.

The Group has also not received any reports in the Whistle-Blowing channel of any wrongdoing or improper conducts involving the Group and its Directors, managers or employees during the financial year.

RELATED PARTY TRANSACTIONS

The Audit Committee reviewed the procedures for related party transactions that took place within the Company and the Group during the financial year, including the recurrent related party transactions ("RRPT") of a revenue or trading nature. The Audit Committee is satisfied that the procedures are sufficient to ensure that the related party transactions undertaken were on an arms-length basis and on terms not more favourable to the related parties than those generally available to the public, nor were detrimental to the Company's minority shareholders.

The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee conducts a review of these procedures and processes at least once in a financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

In 2019, the Company established an ESOS which become effective on 6 March 2019 for the benefit of eligible Executive Directors and employees of the Group. The ESOS should be in force for a period of five (5) years.

During the financial year, the Company granted 20,268,000 options to eligible Executive Directors and employees of the Group.

The Audit Committee was satisfied that the allocation of options was in compliance with the approved criteria for allocation of options as set out in the by-laws of the ESOS.

EXTERNAL AUDIT FUNCTION

The Group's External Audit function is performed by Messrs BDO PLT. The External Auditors report to the Audit Committee and conduct the audit based on the audit plan approved by the Audit Committee.

The External Auditors are responsible for auditing the Company's and the Group's financial statements and rendering reasonable assurance that the Audited Financial Statements give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the financial performance and cash flows of the Company and of the Group for the financial year.

The External Auditors are also required to ensure that the Audited Financial Statements comply with the disclosure requirements of the MFRSs and IFRSs, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements.

The External Auditors are also required to report on any incidence of non-compliance with the laws and regulations, frauds (actual, suspected or alleged), weaknesses in internal control that may have an impact on the integrity of the Audited Financial Statements or challenges encountered during the course of their audit.

Based on the results of the audit, the External Auditors have issued an unqualified Audit Report for the Audited Financial Statements of the Company and of the Group for the financial year ended 31 May 2021. They have also reported that there were no incidences of non-compliance with the laws and regulations, frauds and weaknesses in internal control that may have an impact on the integrity of the Audited Financial Statements and challenges encountered during the course of their audit.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The Audit Committee recognises the importance of the Internal Audit function to enhance and protect the organisational value of the Company and of the Group by providing risk-based and objective assurance, advice and insight as well as the need for it to be independent of Management in order to carry out its functions effectively. During the financial year, the Group's Internal Audit function was outsourced to Sterling Business Alignment Consulting Sdn. Bhd., an independent firm of consultants.

The Internal Audit function assists the Board to review the adequacy and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of its assets and the integrity of its information management system, thus determining future requirements for the internal control system.

The Internal Audit Review concentrated on areas of concern where the Audit Committee needed assurance that the Group Internal Control system was adequate and effective, and was in line with the Internal Audit Plan approved by the Audit Committee. The review covered key functional areas and business activities of major subsidiaries of the Group, placing emphasis on best practices and management assurance encompassing all business risks, particularly:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding of assets.

The Internal Audit approach taken was broad, involving inquiry, analysis and review of the internal audit areas.

The Internal Auditors conducted four (4) reviews during the financial year and presented their quarterly Internal Audit Reports to the Audit Committee at its meetings for review and discussion with Management. The quarterly Internal Audit Reports highlighted the Internal Auditors' review and findings on the Group's compliance with established internal policies and procedures, their assessment of the magnitude of potential financial impacts arising from weaknesses noted, as well as the Internal Auditors' recommendations on corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all the Internal Audit Reviews during the financial year, the Internal Auditors reported that the internal control systems and processes of the companies audited were generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit Review during the financial year. None of the weaknesses noted have resulted in any material loss that would require separate disclosure in this Report, as reported by the Audit Committee.

ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

EXTERNAL AUDITORS

Under its Terms of Reference and External Auditors' Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest, including the extent of non-audit services performed by the External Auditors during the financial year that may impact their independence and objectivity. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, quality of the staff assigned and the Audit Committee's opinion on the quality of the audit works.

Audit Committee Report

During the financial year, the Audit Committee carried out an assessment of Messrs BDO PLT, the External Auditors based on the above criteria and was satisfied with the External Auditors' competency, independence and quality of audit work. The External Auditors have given written assurance to the Audit Committee on their compliance with all relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to re-appoint Messrs BDO PLT as the External Auditors.

The Board concurred with the Audit Committee's recommendation and will recommend that the shareholders approve Messrs. BDO PLT's re-appointment at the forthcoming 52nd Annual General Meeting of the Company.

INTERNAL AUDITORS

The Audit Committee also assessed the independence and performance of the Internal Auditors during the financial year.

The assessment of independence focuses on whether there exists any relationship between the Internal Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest arising from such relationships. The assessment of performance focuses on the Internal Auditors' experience, competency and resources as well as the quality of staff assigned and the Audit Committee's opinion on the quality of the Internal Audit Reports.

The Audit Committee was satisfied with the Internal Auditors' competency, independence and quality of Internal Audit Reports. The Internal Auditors have given written assurance to the Audit Committee that they have complied with all relevant ethical requirements regarding their professional independence.

The total cost incurred by the Group's Internal Audit for discharging its functions and responsibility during the financial year was RM63,000, as compared to RM55,000 in 2020.

The Audit Committee has recommended to the Board to continue to engage the Internal Auditors. The Board concurred with the Audit Committee's recommendation.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with its Terms of Reference during the financial year and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the Statement on Risk Management and Internal Control in this Annual Report for more details.

Remuneration and Nomination Committee Report

The Board of Directors ("Board") is pleased to present its Remuneration and Nomination Committee ("R&N Committee") Report for the financial year ended 31 May 2021.

R&N COMMITTEE COMPOSITION AND MEETINGS HELD

No.	Name	Directorship	No. of Meetings Attended
1.	Tan Sri Dato' Dr Lin See Yan (Chairman)	Independent Non-Executive Director	1/1
2.	Edmond Cheah Swee Leng (Member)	Independent Non-Executive Director	1/1
3.	Lim Hock Chye (Member)	Independent Non-Executive Director	1/1

TERMS OF REFERENCE

The R&N Committee is governed by its Terms of Reference which is established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Terms of Reference was last reviewed and approved by the Board on 27 August 2021 and is available on the Company's website at www.ancom.com.my.

SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2021, the R&N Committee carried out its duties as set out in its Terms of Reference and undertook the following activities:

ASSESSMENT OF DIRECTORS

The R&N Committee conducted the following assessment on the Board during the financial year ended 31 May 2021:

- Board Performance Evaluation; and
- Board Members Skill Evaluation.

The Board Performance Evaluation was on the Board Structure; Board Operations; Board Chairman's Roles and Responsibilities; Board Dynamics; Strategy and Planning; Risk Management and Internal Control; Measuring and Monitoring Performance; Management Evaluation, Compensation and Succession Planning; and Shareholders Communication and Investor Relations.

The Board Member Skill Evaluation was an evaluation of the Board members' Directors' skills and understanding of: Strategy and Entrepreneurship; Legal and Regulatory Requirements; Corporate Governance, Risk Management and Internal Control; Audit, Accounting, Financial Reporting and Taxation; Human Capital; Sales and Marketing; Strategy and Planning; Government Relations; Marketing and Communication; and Information Technologies and Digital Skills.

In addition, taking into consideration the Board's structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board, the R&N Committee assessed the Board member's qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and, in the case of Independent Non-Executive Directors, their ability to discharge such responsibilities and functions as expected of them.

The R&N Committee was satisfied with the results of the assessment and is of the opinion that the current size and composition of the Board is appropriate and well-balanced, with members comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

Remuneration and Nomination Committee Report

During the financial year, the R&N Committee did not perform any evaluation on the individual Director's performance. The R&N Committee was of the view that the evaluations done in the previous financial years were adequate and reflective of the current state of affairs as far as the Board and Directors' performance are concerned.

The R&N Committee did not engage an independent expert for the annual assessment as suggested by the Malaysian Code on Corporate Governance 2017 ("MCCG"). However, it has taken note that an independent expert or party would lend greater objectivity to the assessment by providing an unbiased perspective on a Director's performance and his ability to contribute effectively to the Board and would consider adopting such a practice in future.

RE-ELECTION OF DIRECTORS

The performance of those Directors who are subject to re-election at the annual general meeting are assessed by the R&N Committee, whereupon the R&N Committee has recommended to the Board the re-election of the following Directors who are retiring pursuant to Clause 125 of the Company's Constitution at the Company's forthcoming 52nd Annual General Meeting ("AGM"):

Directors	Designation
Tan Sri Dato' Seri Abdull Hamid Bin Embong	Independent Non-Executive Director
Chan Thye Seng	Non-Independent Non-Executive Director

INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

The R&N Committee assessed the independence of the Independent Directors using the following criteria:

- The Independent Director is neither an employee nor related to any major shareholder/Management of the Group and does not participate in the day-to-day operations of the Group;
- The Independent Director has fulfilled the definition of "Independent Directors" in the Listing Requirements;
- He is free from any business or other relationship with the Group which would materially interfere with the exercise of his independent judgement on matters at hand;
- He is a person of calibre and credibility, and has the necessary skills and experience to bring independent judgement on issues of strategy, business performance, resources and standards of conduct; and
- He is able to provide independent views in the Board's discussions and has not acted in any way that would compromise his independent judgement.

The R&N Committee was satisfied with the level of independence demonstrated by the Independent Directors and has recommended that they be retained as Independent Directors of the Company.

In conjunction with the above assessment, the R&N Committee also considered the continued appointments of Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng who have each served as Independent Directors of the Company for a continued period of more than twelve (12) years.

The R&N Committee is of the view that the length of service of an Independent Director does not affect his ability to remain independent or to discharge his duties with integrity and competency. More importantly, the Independent Director must maintain his independence and freedom from any business or other relationship which could interfere with the exercise of independent judgement or the ability to provide the necessary checks and balances in the best interests of the Company and its shareholders.

The Board concurred with the view of the R&N Committee and will seek shareholders' approval at the forthcoming 52nd AGM of the Company to retain both Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng as Independent Directors of the Company, based on the above justifications.

Remuneration and Nomination Committee Report

REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Listing Requirements, the R&N Committee conducted an assessment of the terms of office and performance of the Audit Committee and was of the opinion that the Audit Committee and its members have carried out their duties in accordance with its Terms of Reference.

REMUNERATION OF DIRECTORS

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including the Directors' fees and benefits as per the Board Remuneration Policy which links the Directors' remuneration with their performance as well as the skills and experience required of them. The Board Remuneration Policy is available on the Company's website at www.ancom.com.my.

For the current financial year, due to increased responsibilities as a result of numerous amendments to the legislation as well as rules and regulations governing public listed companies, the R&N Committee was of the opinion that the fees for the Non-Executive Directors, as indicated below, are reflective of current market rates:

Director	Annual Fee per Director (RM)
Non-Executive Director on the Board	70,000*
Member of Audit Committee	30,000*
Member of R&N Committee	20,000*

* same as in Financial Year 2020

The Non-Executive Directors also received attendance allowance of RM416.67 for each Board and Committee meeting attended during the financial year.

The Board has endorsed the R&N Committee's recommendation and will propose that the Directors' fees of the Company and of the Group for the current financial year, amounting to RM427,500 and RM778,645 respectively, be paid to the Non-Executive Directors, subject to shareholders' approval at the forthcoming 52nd AGM of the Company.

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the Executive Chairman ("EC"). The remuneration of the EC comprises a monthly salary, bonuses, benefits-in-kind ("BIK") and other benefits that the Board approves from time to time. The EC is not entitled to the Director's fee and attendance allowance for the Board and Committee meetings he attended.

Due to the COVID-19 pandemic which affected the Company since the last financial year, the Non-Executive Directors had agreed to a 30% reduction in their Directors' fee from April 2020 to May 2020 in the last financial year. In light of the protracted pandemic period, the Non-Executive Directors have agreed to continue the 30% reduction in their Directors' fee from June 2020 until March 2021 during the financial year.

The EC has also agreed to a 30% cut in his total remuneration from the Company during the financial year.

Subject to shareholders' approval at the 52nd AGM of the Company on the payment of Directors' fees, details of remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2021, including remuneration for services rendered to the Company and to the subsidiaries, are as follows:

Remuneration and Nomination Committee Report

Company	Directors' fee (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)	Meeting allowances (RM'000)	BIK (RM'000)	Total (RM'000)
Executive Directors							
Dato' Siew Ka Wei	-	275.8	-	-	-	51.2	327.0
Non-Executive Directors							
Tan Sri Dato' Dr Lin See Yan	67.5	-	-	-	2.9	-	70.4
Tan Sri Dato' Seri Abdull Hamid Bin Embong	75.0	-	-	-	3.8	18.3	97.1
Chan Thye Seng	52.5	-	-	-	2.1	-	54.6
Edmond Cheah Swee Leng	90.0	-	-	-	4.6	-	94.6
Lim Hock Chye	90.0	-	-	-	4.6	-	94.6
Datuk Dr Abdul Hapiz Bin Abdullah	52.5	-	-	-	2.5	-	55.0
Total	427.5	275.8	-	-	20.5	69.5	793.3

Group	Directors' fee (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)	Meeting allowances (RM'000)	BIK (RM'000)	Total (RM'000)
Executive Directors							
Dato' Siew Ka Wei	-	978.8	2,227.4	-	-	79.2	3,285.4
Non-Executive Directors							
Tan Sri Dato' Dr Lin See Yan	131.5	-	-	-	5.8	-	137.3
Tan Sri Dato' Seri Abdull Hamid Bin Embong	75.0	-	-	-	3.8	18.3	97.1
Chan Thye Seng	52.5	-	-	-	2.1	-	54.6
Edmond Cheah Swee Leng	195.0	-	-	-	9.6	-	204.6
Lim Hock Chye	142.5	-	-	-	9.2	-	151.7
Datuk Dr Abdul Hapiz Bin Abdullah	182.1	-	-	180.8	2.5	-	365.4
Total	778.6	978.8	2,227.4	180.8	33.0	97.5	4,296.1

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for coverage of Directors' defence costs and legal representation expenses incurred, should any action be brought against any Director for actions undertaken as a Director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or to have intentionally breached the law.

CONCLUSION

The R&N Committee is of the opinion that it has discharged its duties and responsibilities in accordance with its Terms of Reference during the financial year.

Statement on Risk Management and Internal Control

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT THE GROUP’S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 MADE PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”). THIS STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE “STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS” ENDORSED BY BURSA SECURITIES.

For the purpose of this Statement, the “Group” means the Company and its subsidiaries, excluding the associates and joint ventures. This Statement does not cover the associates and joint ventures as the Company does not have control over their operations, management or internal control systems.

BOARD’S RESPONSIBILITY

The Board is responsible for the establishment and maintenance of a sound risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group’s risk management and internal control system through ongoing and independent reviews carried out by the Internal Audit function of the Group.

The Internal Audit reviews are focused on achieving effective and efficient operations, reliability of reporting, compliance with applicable laws and regulations as well as safeguarding of assets.

The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate the risks of not adhering to the Group’s policies and achieving goals and objectives within the risk tolerance 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.

The adequacy and effectiveness of internal controls were reviewed by the Audit Committee in relation to the audits conducted by Internal Auditors during the financial year. Audit issues and actions taken by Management to address the issues tabled by Internal Audit were deliberated on during the Audit Committee meetings, minutes of which were presented to the Board.

KEY INTERNAL CONTROL PROCESSES

1. AUTHORITY AND RESPONSIBILITY

The Group’s organisational structure has clearly defined levels of authority and lines of responsibility from operating units up to the Board, to ensure accountability for risk management and internal control activities. There is proper segregation of duties and responsibilities to eliminate the possibility of an employee having total control of a business process.

The Board entrusted the daily running of the business to the Executive Chairman (“EC”), the Group Chief Executive Officer (“GCEO”) and his Management team. The GCEO is assisted by Divisional Heads/Divisional Managing Directors and Chief Financial Officer who are “hands on” in running the operating divisions. Experienced and competent employees have been placed in positions of responsibility to ensure the objectives of the Group’s risk management and internal control system are achieved.

Statement on Risk Management and Internal Control

2. REPORTING AND REVIEW

The GCEO holds meetings whenever applicable with the Divisional Heads/Divisional Managing Directors and senior management to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing actual results with the previous year's results and the explanations on significant variances is presented to the Board during the Board meetings.

The Group's Quarterly Interim Financial Reports and Annual Audited Financial Statements are released to Bursa Securities only after being reviewed by the Audit Committee and approved by the Board.

3. POLICIES AND PROCEDURES

The Group's Policies and Procedures are a formal guide for the Management and employees to carry out their day-to-day duties. The Group's Policies and Procedures cover the following core areas: authority limits and authorisation mandates, protection and maintenance of assets, human resources management, sales, finance, procurement and operations. The Limits of Authority in the Group's Policies and Procedures delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

Relevant policies and procedures have been approved by the Board and relevant authorities to ensure that the Group's values and adequate control mechanisms are embedded in business operations. Periodic review is performed to ensure their relevance and effectiveness.

4. AUDIT

- *Internal Audit Function*

In efforts to provide an adequate and effective internal control system, and in accordance with the Malaysian Code on Corporate Governance 2017, the Group appoints Sterling Business Alignment Consulting Sdn. Bhd., an independent consulting firm to review the adequacy and integrity of its system of internal control and perform the role of Internal Auditors. The Internal Auditors report directly to the Audit Committee.

The Internal Audit addresses critical business processes, identifies risks and internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. Quarterly Internal Audit Reports and Status Reports on follow-up actions are tabled to the Audit Committee during its quarterly meetings.

The Internal Audit function conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan approved by the Audit Committee. For the financial year ended 31 May 2021, the following internal audits were conducted by the Internal Auditors in accordance with the Internal Audit Plan approved by the Audit Committee:

Statement on Risk Management and Internal Control

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (June – August 2020)	October 2020*	Redberry Advertising Sdn. Bhd.	<ul style="list-style-type: none"> Sales and Marketing Credit Controls and Collection
2nd Quarter (September – November 2020)	January 2021	Entopest Environmental Services Sdn. Bhd.	<ul style="list-style-type: none"> Production Planning Production and Packaging Laboratory and Quality Assurance
3rd Quarter* (December 2020 – February 2021)	April 2021	Common Feed Sdn. Bhd.	<ul style="list-style-type: none"> Sales and Marketing Credit Control and Collections
4th Quarter (March – May 2021)	July 2021	Ancom Components Sdn. Bhd. and Redberry Contact Center Sdn. Bhd.	<ul style="list-style-type: none"> Finance and Accounts

* The Audit Committee meeting in October 2020 was not convened due to the Movement Control Order (“MCO”). The discussion on the Internal Audit Report was postponed to the subsequent Audit Committee meeting in January 2021.

- Risk Management**

The Audit Committee has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A Risk Management Working Group (“RMWG”) comprising the GCEO, Chief Financial Officer and Risk Manager, which is assumed by the Internal Auditors, has been set up to report on matters relating to risk management to the Audit Committee.

The RMWG shall consider any matters relating to the identification, assessment, monitoring and management of risks associated with the Group that it deems to be appropriate. With respect to risk management, the duties of the RMWG include:

- Assessment and monitoring of risks associated with the Group’s operations;
- Development and implementation of internal compliance and control systems and procedures to manage risks;
- Assessment and monitoring of the effectiveness of controls instituted;
- Reviews and making recommendations to the Audit Committee in relation to risk management;
- Making recommendations to the Audit Committee on compliance by the Group with its risk management strategy;
- Reporting any material changes to the risk profile of the Group to the Audit Committee;
- Monitoring and referring to the Audit Committee any instances involving material breaches or potential breaches of the Group’s risk management strategy;
- Reporting to the Audit Committee on the Group’s annual reporting responsibilities in relation to matters pertaining to the Group’s risk management strategy; and
- Undertaking annual review in accordance with the Group’s risk management framework, and making recommendations to the Audit Committee in connection with changes required to be made to the Group’s risk management strategy.

The Audit Committee has the authority to seek any information it requires from any officer or employee of the Company or its subsidiaries and such officers or employees are required to respond to the enquiries.

Statement on Risk Management and Internal Control

The Audit Committee is authorised to seek independent professional advice, if necessary. The Audit Committee will review its own performance and Terms of References yearly to ensure maximum effectiveness, recommending any changes it considers necessary to the Group.

To assist the Audit Committee in discharging its duties and responsibilities relating to the internal control system, the Audit Committee outsources the Group's Internal Audit function to an independent firm of consultants as mentioned earlier. The Audit Committee is empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has the authority and resources necessary to carry out its responsibilities. It approves the Internal Audit Plan and reviews and assesses the performance of the Internal Audit function on a yearly basis.

5. RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, assessing and responding to risks that could hinder the Group from achieving its objectives. The process was in place for the financial year under review and up to the date of issuance of this Annual Report.

- *Risk Management Process*

The risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. The process of risk identification involves identifying possible risk exposures arising from changes in the internal and external environment as well as operational conditions. The risk measurement guidelines consist of qualitative measures to determine the financial and non-financial consequences of the different risks based on their likelihood and impact.

The management and reporting of risks in the Group have been aligned with seven risk categories as outlined below:

- i. COVID-19 Pandemic

The ongoing COVID-19 pandemic has significantly disrupted global norms, impacting business operations and resulted in new ways of working. Within the Group, stringent measures of controls and policies have been instituted, including implementing Split-Team concept and Work-From-Home, designed to prevent employees from contracting COVID-19 or at the very least, minimise its spread amongst employees. This was in keeping the safety and health of employees foremost in mind and ensuring continuity of critical business operations.

- ii. External/Market Risk

The term economic environment refers to factors that influence buying habits of consumers and businesses and can affect the performance of a company. Such factors are generally beyond a company's control, identified as unemployment, income, inflation, interest rates, tax rates, currency exchange rate, saving rates and even consumer confidence levels. The Group's approach to managing this risk is to stay well-informed on trends and policy changes, with appropriate training to enable early recognition of its impact as a challenge or opportunity. The Group has strengthened its stakeholder engagement, developing healthy customer relationships to better meet their needs and drive sustained market growth.

- iii. Operational Risks

Operational risk is identified as the risk of changes in the internal environment arising from daily tactical business activities that will result in the reduction, deterioration or breakdown of goods and services provided by the Group. Such risks relate to business interruption, employee error or omission, failure of IT systems, litigation or even loss of suppliers. Appropriate systems with adequate capacity, security arrangements, facilities and resources are in place to mitigate risks that could cause interruptions to the Group's critical business functions.

Statement on Risk Management and Internal Control

iv. Strategic Risk

Strategic risk refers to the Group's exposure to long-term policies or strategic objectives that can either support or prevent it from achieving its objectives. Key areas monitored under strategic risk are competition, high impact projects and innovative use of new technologies in business operations.

The key competition risks monitored from market developments are assessed for their impact on the Group's current business plan such as economic trends and potential entry of market disrupters which can challenge the Group's market growth. High impact projects are monitored to assess the risk implications to the Group based on the project life cycles and their progress status against the objectives outlined in the current business plan. Failure to embrace innovative technologies can potentially result in the Group losing its competitive edge in the industry.

v. Financial Risks

Financial risks are associated with external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements and other market exposures. Such factors necessitate strong and effective management and control of the Group's finances to mitigate and manage its impact to the business.

vi. Compliance Risks

Compliance risk is the threat posed to a company's financial, organisational or reputational standing resulting from violations of laws, regulations, codes of conduct, or organisational standards of practice. Such risks are identified as occupational, health and safety, environment, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements. The Group has taken steps to develop a risk framework, conducting risk assessments and incorporated policies and procedures to mitigate such risks.

vii. Hazard Risk

Hazards may take the form of fire and other sources of property damage such as windstorms, theft and other crimes, personal injury, business interruption, disease and disability, and liability claims. The ideal and simplistic method of controlling such risk is to eliminate the hazard altogether. However, in most cases, elimination is not feasible and where possible, substitution is the best approach to hazard mitigation. At the very least, awareness programmes may serve to isolate and prevent such risks.

• *Risk Management Tools*

As part of the risk management process, a Registry of Risks and a Risk Management Handbook have been adopted. The Registry of Risks identifies principal business risks and is updated according to changes in the risk profile as well as the identities of the risk owners. The Risk Management Handbook summarises the risk management methodology, approach and processes, the roles and responsibilities of the risk owners, and various risk management concepts. It is the responsibility of risk owners to ensure that adequate control systems are implemented to minimise and control risks faced by the Group.

A Risk Manager is appointed to review, update and report on key risk factors of the main operating subsidiaries at the Audit Committee's quarterly meetings. In addition, significant issues and controls implemented are discussed at Management meetings and the quarterly Audit Committee meetings.

Statement on Risk Management and Internal Control

6. COMPLIANCE MANAGEMENT

The Group's compliance management covers compliance to relevant legal obligations imposed, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.

7. CONDUCT OF EMPLOYEES

A Code of Conduct and Ethics sets out the policy stand on the conduct of business and the standards of behaviour/ethical conduct expected of the Group's employees.

The Company's Anti-Bribery and Anti-Corruption Policy sets out the Group's commitments and requirements regarding ethical business practices and personal conduct. It also outlines the behaviour the Group expects of its employees as well as what the Group's employees and business partners can expect from the Group. All the Group's employees and persons associated with the Group are expected to act in accordance with corporate values and ethics as set out in the Policy.

The Group has a Whistle-Blowing Policy and a Whistle-Blowing channel at www.ancom.com.my which provides an avenue for any persons, namely, Directors, managers, employees or external parties to report of any improper conduct against any Directors, managers or employees, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group.

8. INSURANCE

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure that the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage of the assets as recorded in the current fixed assets register and their respective net book values and "replacement values", that are the prevailing market prices for the same or similar items, where applicable.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2021. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor are the matters set out in this statement factually incorrect.

CONCLUSION

The Board has received assurance from the EC, GCEO and Chief Financial Officer that the Group's risk management and internal control system operated adequately and effectively during the financial year under review and up to the date of issuance of this Annual Report.

The Board is of the view that the Group's risk management and internal control system during the financial year under review and up to the date of issuance of this Annual Report has been satisfactory and has not resulted in any material loss, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment.

The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's Risk Management and Internal Control system.

Sustainability Statement

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT ITS SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (“FY2021”).

SCOPE OF DISCLOSURE

The information provided in this Sustainability Statement covers the financial year from 1 June 2020 to 31 May 2021 and applies to Ancom Berhad (“Ancom” or “Company”) and its subsidiaries (“Group”). The reporting scope covers Malaysia, Singapore, Indonesia and Vietnam, based on the geographical location of the Group’s operations and external customers.

CUSTOMER MANAGEMENT

Ancom prides itself on providing quality, reliable, cost-effective and innovative solutions in manufacturing, marketing and trading of industrial and agricultural chemical products, transportation and storage, as well as IT solutions, media and advertising. Ensuring these tasks are executed in a timely and effective manner, the Group strives to meet customer needs and expectations by delivering a positive customer experience.

The Group ensures that products in transit have clear product signage and labels, accompanied by the relevant Material Safety Data Sheets to ensure safe handling and, eventually, its use.

SUPPLIER MANAGEMENT AND PROCUREMENT PRACTICES

The Group’s procurement function adopts an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes and efficiency, maintaining long-term relationships with suppliers and complying with the applicable laws and regulations.

In addition to an overarching procurement policy which applies to all operating locations, the Group has green procurement guidelines which recognises its responsibility and commitment to continuously improving its environmental credentials. This is achieved through responsible supplier sourcing, waste management, pollution prevention, use of renewable energy, energy efficiency and supply chain efficiency.

Playing its part to support the local economy, the Group makes a conscious effort to optimise procurement from local suppliers. Suppliers’ performance is monitored through evaluation, which generally focuses on areas such as pricing and payment terms, product and service quality, scale of operations, reliability and credibility. Any identified issues are communicated with the suppliers for the necessary rectification and improvement.

COMMUNITY ENGAGEMENT AND INVESTMENT

The Group is aware of its role in society, especially in an international and multicultural setting. As part of its social engagement, Ancom is actively involved in knowledge-sharing and the development of professional skills via programmes such as internships and work placements through which students are exposed to the Group’s range of businesses.

In addition, the Group participates in various community projects, and contributes financially to charitable organisations. Ancom also organises activities to reach out to local communities such as visiting the disenfranchised, distributing food and medical supplies, and making meaningful donations. These activities generally involve the Group’s employees who are encouraged to volunteer for community projects.

Sustainability Statement

INDIRECT ECONOMIC IMPACT

The Group's business generates a wide range of indirect economic benefits. For example, investment into its production facilities and regional logistics network benefits local communities by facilitating commerce and providing jobs.

ENVIRONMENTAL IMPACT

Carbon and Other Greenhouse Gas Emissions

The Group recognises that its operations invariably produces a carbon footprint but is committed to minimise its emissions nonetheless. Regular and scheduled maintenance is performed on the Group's fleet of vehicles and all its plants to ensure optimal performance and efficiency. Additionally, the Group's drivers are trained to not leave engines idling unnecessarily to minimise emissions.

Certain subsidiaries employ Alam Sekitar Malaysia Sdn. Bhd. to carry out quarterly stack gas emission tests to ensure compliance with the Environmental Quality Act, 1974 ("EQA"). As per the Department of Environment's ("DOE") requirements, certain subsidiaries monitor their air emissions on a regular basis. Measurement and reporting of nitrogen oxides ("NOx"), sulphur dioxides ("SOx") and particulate matter (dust) emissions are also performed annually by an independent laboratory registered with the DOE.

Waste and Effluent Management

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. In order to comply with all the relevant regulatory requirements, it ensures its employees are sufficiently trained to be able to manage its industrial effluents and scheduled waste properly. Used materials such as paper, cartons and cardboard boxes are re-used wherever possible or sent to recycling centres.

The Group also manages the hazardous by-products of its manufacturing operations responsibly, minimising the risk of unintended contact. It quantifies and inventories its hazardous waste, which is properly packaged, labelled and kept in designated areas away from the manufacturing lines, pending further treatment or disposal. Chemical waste is sent to Kualiti Alam Waste Management Centre in Negeri Sembilan for proper disposal. Monthly scheduled waste reports are submitted to the DOE and the respective authorities.

The Group's other business activities do not produce significant amounts of scheduled waste.

Water Consumption

Water is used in a myriad of ways by the Group. Besides generating steam and cooling in production processes, it is also used for drinking, cleaning and in washrooms.

The Group implements various initiatives to reduce water waste as part of its environmental management system. This includes initiatives to instil responsible practices and habits among its employees.

Energy Consumption

The Group continuously looks for ways to enhance the energy efficiency of its business operations, both to lower its operational costs and reduce its carbon footprint.

Energy-saving lightbulbs are used wherever possible, while traditional air-conditioners have been replaced by the more energy-efficient inverted models. Employees, meanwhile, are encouraged to switch off lights and air-conditioners when the different workspaces is not in use.

Sustainability Statement

SOCIAL CONTRIBUTION

Workplace Diversity and Inclusion

The Group recognises that a diverse workforce brings numerous benefits such as a broader perspective and enriched understanding of the different markets. It therefore strives to attract a diverse mix of employees in terms of race and age while striking a good balance of gender. Career opportunities are offered based on individual merit, irrespective of race or gender.

In FY2021, the majority of the Group's employees in its Malaysian operations were local and comprised a fair representation of the country's major ethnic groups. In terms of gender equity, the biggest challenge lies in the nature of Ancom's business and especially its logistics and chemical operations, which are still male-dominated industries. Despite this challenge, the Group strives to increase the number of women in all positions, especially in management roles over the longer term.

The Group also encourages its people to perform to the best of their ability by motivating them and valuing their contributions. Recognising the importance of teamwork, regular teambuilding activities are held to strengthen a sense of camaraderie.

Occupational Safety and Health, Workforce Training and Development

The Group is fully committed to the health and safety of its people, firm in the belief this is its first and primary responsibility. Safety represents a core value for the Group and is an unequivocal expectation from its employees, their families and communities. To honour this commitment, the Group seeks to establish a "Safety First" culture through training, coaching and recognition of safe behaviours and practices.

Various safety programmes have been introduced to address major risks. During the year, the following initiatives were organised:

- Scheduled safety drills were held for all drivers and operating personnel at the Bulk Liquid Terminal to ensure they are equipped to handle emergencies. These included fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills. One of the drills was conducted with Bomba Malaysia/West Port Bomba.
- Health briefings, safety, product handling, first aid, firefighting and inspection of fire-fighting equipment training, as well as fire and chemical handling drills were carried out at the Group's manufacturing plants. This included a talk by the Public Fire Safety and Prevention Education Centre.

Further protecting the safety of its people, the Group ensures that employees use only Personal Protective Equipment ("PPE") that is registered with the Department of Occupational Safety and Health. Additionally, proactive measures are taken to reduce employees' exposure to excessive noise in high noise level areas, such as providing earplugs and soundproofing of the affected areas. Annual Employee Audiometric Hearing tests are also conducted.

The Group constantly reviews its Occupational Safety and Health ("OSH") policies and management systems to ensure they remain appropriate and effective. In terms of training, Management and Supervisory Development Programmes are organised to provide employees with career advancement opportunities.

Employee Benefits

The Group strives to be a responsible corporate citizen. It believes in providing for its employees in order to make their work life more comfortable.

Employees are provided with medical coverage and insurance benefits. Depending on seniority, employees are also provided with life insurance as well as coverage against personal accidents, hospitalisation and surgery. In addition, employees also receive transport and medical allowances based on their job scope and area of work.

Sustainability Statement

Due to the COVID-19 pandemic, the Board had instituted a range of austerity/cost-control measures, including salary reductions to strengthen the Group's financial position during this period. Accordingly, staff, Senior Management as well as Directors of the Group have agreed to 10-30% reduction in their salaries to demonstrate shared responsibility in these difficult times. As threats of economic fallout from the pandemic subsides and as business units returned to profitability, most of the salaries have been reinstated. The Executive Chairman has also agreed to a 30% cut in his total remuneration from the Group. The Group has not dismissed any of its employees despite the crisis in FY2021.

Product and Services Responsibility

As a manufacturer and marketer of chemical products and polymers; provider of transportation and storage services as well as IT solutions, media and advertising, the Group plays an important role in its customers' supply chains. To ensure the highest level of service, the Group records every complaint as well as feedback from customers in order to continuously enhance its service delivery.

The Group's customers also entrust it with sensitive information, and the Group upholds this trust through privacy and information security programmes, securing such data in accordance with established policies.

ANTI-BRIBERY AND ANTI-CORRUPTION MANAGEMENT/WHISTLE-BLOWING POLICY

Sound corporate governance and ethical business conduct is fundamental to the achievement of the Group's objectives to enhance stakeholder value as well as grow its business sustainably. It is the Group's policy to conduct its business in a fair, honest and transparent manner. The Group strongly opposes corrupt practices or acts of bribery to obtain an unfair advantage over others.

The Board has established an Anti-Bribery and Anti-Corruption Policy and a Whistle-Blowing Policy within the Group as reported in the Audit Committee Report in this Annual Report. Any incidents of bribery, corruption, unethical behaviour, malpractice, unlawful or improper conduct can be reported by the Group's employees and business partners through the Whistle-Blowing channel at www.ancom.com.my.

In FY2021, there were no confirmed incidents of corruption nor any significant fine or non-monetary sanction for non-compliance with laws and/or regulations.

COMPLIANCE

An effective governance structure and risk management system forms the backbone of the Group's business operations. Risk assessments are conducted periodically to identify and mitigate significant risks that affect the Group's business operations.

Annually, the Group reviews the adequacy of insurance coverage of all its business operations to safeguard against potential threats. Employees of the Group are involved in identifying and mitigating sustainability risks across all areas of the Group's operations.

The Group's Internal Audit function oversees the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures as well as other relevant professional and regulatory requirements.

Directors' Responsibility Statement

In accordance with the Companies Act 2016, the Directors of the Company are required to prepare Audited Financial Statements for a financial year to give a true and fair view of the financial position of the Company and the Group as at the end of the financial year and of the financial performance and cash flows of the Company and of the Group for the financial year.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 31 May 2021 and of the financial performance and cash flows of the Company and of the Group for the financial year ended 31 May 2021.

The Directors are also responsible for ensuring that the Audited Financial Statements comply with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- Adopted accounting policies which are appropriate and which have been consistently applied;
- Made judgments and estimates which are reasonable and prudent;
- Prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- Ensured that all applicable approved accounting standards have been followed, subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors have also provided the Auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they consider appropriate to enable them to audit and report on the Audited Financial Statements.

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Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities and the details of the subsidiaries are disclosed in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	32,559	8,437
Attributable to:		
Owners of the parent	23,753	8,437
Non-controlling interests	8,806	-
	32,559	8,437

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year other than the following:

On 21 September 2020, the Company proposed a final dividend for the financial year ended 31 May 2020 by way of dividend-in-specie via a share dividend distribution of up to 25,294,284 ordinary shares in Ancom Logistics Berhad ("ALB"), representing approximately 5.34% equity interest in ALB to the Company's shareholders on the basis of one (1) ALB share for every ten (10) existing shares held in the Company ("Dividend-in-Specie").

The Dividend-in-Specie was approved by the Company's shareholders at the 51st Annual General Meeting held on 21 October 2020 and completed on 4 December 2020 by crediting 23,922,795 ALB shares to the Central Depository System accounts of the Company's shareholders.

The Directors do not recommend the payment of 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 240,849,284 to 254,491,472 by way of issuance of 13,642,188 new ordinary shares pursuant to the following:

- i. private placement of 12,100,000 new ordinary shares of RM0.71 each for cash totalling RM8,591,000; and
- ii. 1,542,188 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM0.765 each for cash totalling of RM1,179,774.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

At the Extraordinary General Meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group.

The salient features and other terms of the ESOS are disclosed in Note 41 to the financial statements.

WARRANTS B (2020/2025)

The Warrants B are constituted by the deed poll dated 21 August 2020.

The Company issued 59,878,790 free Warrants B on the basis of one (1) Warrant for every four (4) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 September 2020.

The salient terms of the Warrants B are as follows:

- i. Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or before the maturity date, 9 September 2025, falling five (5) years from the date of issue of the Warrants. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;
- ii. The exercise price of the Warrants is fixed at RM0.84 per Warrant B; and
- iii. The new ordinary shares to be issued upon the exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company.

As at the date of this report, 59,878,790 Warrants B remained unexercised.

Directors' Report

REPURCHASE OF SHARES

At the 51st Annual General Meeting held on 21 October 2020, the Company's shareholders approved the proposed renewal of shareholders' mandate for the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

During the financial year, the Company:

- i. repurchased 100,000 of its issued ordinary shares from the open market of Bursa Securities at an average price of RM0.79 per share; and
- ii. resold 6,708,300 of its treasury shares with price ranging from RM0.71 to RM1.44.

As at 31 May 2021, a total of 11,875,059 (2020: 18,483,359) treasury shares at a total cost of RM6,248,000 (2020: RM9,688,000) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 May 2021 net of treasury shares is 242,616,413 (2020: 222,365,925). Further details are disclosed in Note 22(c) to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Siew Ka Wei	{Executive Chairman}
Siew Ka Kheong	{Alternate to Dato' Siew Ka Wei}
Tan Sri Dato' Dr Lin See Yan	
Tan Sri Dato' Seri Abdull Hamid Bin Embong	
Datuk Dr Abd Hapiz Bin Abdullah	
Chan Thye Seng	
Edmond Cheah Swee Leng	
Lim Hock Chye	

Subsidiaries of Ancom Berhad (excluding those Directors listed above)

Abdul Latif Bin Mahamud	
Akio Hatakeyama	
Anthony Tan Swee Hock	{Appointed on 1 January 2021}
Aznur Bin Azizuddin	{Appointed on 3 August 2020}
Asmariah Binti Ismail	{Appointed on 17 December 2020}
Carina Lee Ling Tze	{Appointed on 17 December 2020}
Chai Hann Lin	
Cheah Yoke Yin	{Resigned on 8 June 2021}
Chen Tai Ngoh	
Chin Kok Wooi	
Chua Choo Oon	
Dato' Abdul Latif Bin Abdullah	
Dato' Lee Yeow Chor	{Resigned on 25 February 2021}
Dato' Lim Wee Sern	{Resigned on 31 December 2020}
Dato' Ng How Hon	
Dato' Sri Tong Seech Wi	
Datuk Abdul Rashid Bin Hashim	
Datuk Anuar Bin Ahmad	

Directors' Report

DIRECTORS (CONTINUED)Subsidiaries of Ancom Berhad (excluding those Directors listed above) (continued)

Datuk Hasnul Bin Hassan	
Datuk Mohd Farid Bin Mohd Adnan	(Appointed on 3 May 2021)
Datuk Serin Bin Sudah @ Masree	(Resigned on 15 April 2021)
Datuk Wong Sai Wan	(Deceased on 14 May 2021)
Francis Quah Chuan Hoe @ Quah Chuan Hoe	(Alternate to Chin Kok Wooi)
Hasdi Bin Husain	
Idris Bin Pilus	
Indrawan Masrin	
Jimmy Masrin	
Khamis Bin Awal	
Kong Hwai Ming	
Lee Cheun Wei	
Lee Nan Phin	
Liew Tet Seng	
Lim Chang Meng	
Lim Lay Chin	
Lim Liang Tan	
Lim Wee Beng	
Low Huoi Seong	
Masahiko Otomo	
Mohamad Abdul Naser Bin Md. Jaafar @ Yunus	(Resigned on 1 December 2020)
Mohamad Ruslan Bin Ali	
Mohd Azlan Bin Mohammed	
Norzain Bin Abdul Wahab	
Rama Krishnan A/L Ayam Pillai	
Robin Ling Seng Chiong	
Sabli Bin Sibil	
Safrizal Bin Mohd Said	
Shamsudin Bin Basri	
Shigeo Fuji	
Siew Yuen Tuck	
Somsak Chatteerapat	(Alternate to Surasak Suwannapasri)
Surasak Suwannapasri	
Suzuki Masayuki	
Tan Sri Abd Ghafar Bin Mahmud	(Resigned on 1 December 2020)
Tan Sri Datuk Dr Ampikaipakan A/L S.Kandiah	
Tan Wee Lian	
Tho Tuck Woh	(Deceased on 13 April 2021)
Toh Puan Norella Binti Talib	
Wong Kah Pun	
Wong Siut Yin	
Wong Yew Mum	(Appointed on 1 September 2020)
Yim Suet Lai	(Appointed on 4 September 2020)
YM Datin Paduka Raja Nor Mazli Binti Raja Mohar	
YM Dato' Paduka Tengku Shaharin Abu Bakar Tengku Suleiman	
YM Tengku Mahamad Bin Tengku Mahamut	(Resigned on 16 July 2021)
Yuhei Sogabe	(Resigned on 31 December 2020)

Directors' Report

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 May 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			As at 31.5.2021
	As at 1.6.2020	Bought	Sold	
Shares in the Company				
<u>Direct interests:</u>				
Dato' Siew Ka Wei	27,763,820	3,485,100	(1,280,000)	29,968,920
Tan Sri Dato' Dr Lin See Yan	181,912	218,088	(400,000)	-
Siew Ka Kheong	-	660,000	-	660,000
<u>Indirect interests:</u>				
Dato' Siew Ka Wei	22,596,221	660,000	(700,000)	22,556,221
Chan Thye Seng	47,077,140	-	-	47,077,140
Siew Ka Kheong	16,917,185	-	(700,000)	16,217,185

	Number of options over ordinary shares			As at 31.5.2021
	As at 1.6.2020	Granted	Exercised	
The Company				
<u>Direct interests:</u>				
Dato' Siew Ka Wei	-	1,200,000	-	1,200,000
Siew Ka Kheong	-	500,000	-	500,000
<u>Indirect interest:</u>				
Dato' Siew Ka Wei	-	500,000	-	500,000

	Number of Warrants B (2020/2025)				As at 31.5.2021
	As at 1.6.2020	Bonus issue	Bought	Sold	
The Company					
<u>Direct interests:</u>					
Dato' Siew Ka Wei	-	6,985,954	1,597,200	(865,000)	7,718,154
Siew Ka Kheong	-	-	165,000	(65,000)	100,000
Tan Sri Dato' Dr Lin See Yan	-	100,000	-	(100,000)	-
<u>Indirect interests:</u>					
Dato' Siew Ka Wei	-	5,599,053	165,000	(1,366,896)	4,397,157
Chan Thye Seng	-	11,769,283	76,300	(206,850)	11,638,733
Siew Ka Kheong	-	4,179,295	-	(1,182,250)	2,997,045

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 May 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows: (continued)

	← Number of ordinary shares →					As at 31.5.2021
	As at 1.6.2020	Share dividend received	Transfer	Bought	Sold	
Subsidiary, Nylex (Malaysia) Berhad						
<u>Direct interests:</u>						
Dato' Siew Ka Wei	3,731,960	87,924	(64,478)	331,300	(229,000)	3,857,706
Tan Sri Dato' Dr Lin See Yan	17,337	-	-	-	(17,337)	-
Siew Ka Kheong	-	-	64,478	-	-	64,478
<u>Indirect interests:</u>						
Dato' Siew Ka Wei	93,980,259	2,349,504	64,478	-	-	96,394,241
Chan Thye Seng	87,967,041	2,199,175	-	-	-	90,166,216
Siew Ka Kheong	5,503,392	137,584	-	-	-	5,640,976
Subsidiary, ALB						
<u>Direct interests:</u>						
Dato' Siew Ka Wei	369,867	2,800,701	-	-	(3,114,362)	56,206
Tan Sri Dato' Dr Lin See Yan	8,268	-	-	-	(8,268)	-
Siew Ka Kheong	-	-	-	96,000	-	96,000
<u>Indirect interests:</u>						
Dato' Siew Ka Wei	214,194,996	2,239,620	-	96,000	(54,914,116)	161,616,500
Chan Thye Seng	213,284,557	(23,889,795)	-	-	(28,600,500)	160,794,262
Siew Ka Kheong	667,302	1,671,717	-	-	(1,721,210)	617,809

By virtue of his interests in the ordinary shares of the Company, Dato' Siew Ka Wei is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 37 to the financial statements.

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

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors of the Company who held office during the financial year ended 31 May 2021 were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors				
- salaries, bonus and allowances	3,122	3,861	265	919
- defined contribution plan	84	115	11	38
- other emoluments	-	408	-	408
- share options granted under ESOS	224	-	224	-
	3,430	4,384	500	1,365
Non-Executive Directors				
- fees	779	831	428	478
- other emoluments	214	284	20	19
	993	1,115	448	497
Total remuneration of Directors	4,423	5,499	948	1,862

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM98,000 (2020: RM127,000) and RM70,000 (2020: RM99,000) respectively.

Directors' Report

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM14,000.

No indemnity was given to or insurance effected for the auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors 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 satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) 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) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature 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; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the financial year and subsequent events between the end of the reporting period and the date when the financial statements are authorised for issue are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 May 2021 were as follows:

	Group RM'000	Company RM'000
Statutory audit	913	118
Other services	24	10
	937	128

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

Dato' Siew Ka Wei
Director

Kuala Lumpur
27 August 2021

Edmond Cheah Swee Leng
Director

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 75 to 162 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Siew Ka Wei
Director

Kuala Lumpur
27 August 2021

Edmond Cheah Swee Leng
Director

Statutory Declaration

I, Lim Chang Meng (CA 15594), being the officer primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 75 to 162 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
at Kuala Lumpur this
27 August 2021

Lim Chang Meng

Before me:

Mardhiyyah Abdul Wahab
Commissioner for Oaths (No. W729)

Independent Auditors' Report

To the Members of Ancom Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ancom Berhad, which comprise the statements of financial position as at 31 May 2021 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 75 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters of the Group

1. Impairment assessment of the carrying amount of goodwill

The carrying amount of goodwill arising on consolidation as at 31 May 2021 amounted to RM70,112,000, as disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the cash generating units ("CGU") in determining the recoverable amount. These key assumptions include projected growth in future revenues and profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Independent Auditors' Report

To the Members of Ancom Berhad

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

1. Impairment assessment of the carrying amount of goodwill (continued)

Audit response

Our audit procedures included the following:

- a. Compared cash flow projections against recent performance and historical accuracy of budget/forecasts and assessed assumptions used in projections to available sources of data, where applicable;
- b. Evaluated the reasonableness of projected profit margins and growth rates by assessing evidence available to support these assumptions;
- c. Evaluated the reasonableness of pre-tax discount rate used by management by comparing to market data as well as weighted average cost of capital of the Group and relevant risk factors; and
- d. Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

2. Recoverability of trade receivables

The carrying amount of trade receivables of RM257,653,000 has been disclosed in Note 16 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- a. Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- b. Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- c. Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

Independent Auditors' Report

To the Members of Ancom Berhad

Key Audit Matters (continued)

Key Audit Matters of the Company

1. Impairment assessment of carrying amounts of investments in subsidiaries

The carrying amount of investments in subsidiaries of RM300,237,000 has been disclosed in Note 8 to the financial statements.

Management performed impairment assessments of certain investments in subsidiaries which had impairment indicators. The recoverable amount of the investments in subsidiaries are determined based on discounted future cash flows projections, which require judgement on the part of management estimation of the future financial performance and key assumptions used, in particular profit margins, growth rates and pre-discount rate.

Audit response

Our audit procedures included the following:

- a. Compared cash flow projections against recent performance and historical accuracy of budgets/forecasts and assessed the key assumptions used in projections;
- b. Evaluated the reasonableness of projected profit margins and growth rates by assessing evidence available to support these assumptions;
- c. Evaluated the reasonableness of pre-tax discount rate used by management by comparing the market data, weighted average cost of capital of the Company and relevant risk factors; and
- d. Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

2. Recoverability of amounts owing by subsidiaries

The carrying amounts of amounts owing by subsidiaries of RM41,327,000 has been disclosed in Note 17 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward looking information and significant increase in credit risk.

Audit response

Our audit procedures included the following:

- a. Assessed the probability of default using historical data and forward looking adjustments applied by the Company;
- b. Assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- c. Evaluated management's basis in determining cash flows recoverable, where applicable; and
- d. Assessed actual lost event subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

Independent Auditors' Report

To the Members of Ancom Berhad

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance or 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 MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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 the 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 Ancom Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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: (continued)

- (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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 subsidiaries of which we have not acted as auditors are disclosed in Note 42 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.

BDO PLT

LLP0018825-LCA & AF 0206

Chartered Accountants

Kuala Lumpur
27 August 2021

Lum Chiew Mun

03039/04/2023 J

Chartered Accountant

Statements of Financial Position

As at 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	189,690	200,660	6,888	7,194
Right-of-use assets	6	110,150	104,324	21,170	21,538
Investment properties	7	314	326	-	-
Investments in subsidiaries	8	-	-	300,237	304,897
Investments in associates	9	5,718	7,867	-	-
Investments in joint ventures	10	-	-	-	-
Other investments	11	415	448	243	243
Intangible assets	12	5,778	21,968	-	-
Goodwill on consolidation	13	70,112	68,330	-	-
Deferred tax assets	14	25,341	25,988	-	-
		407,518	429,911	328,538	333,872
Current assets					
Inventories	15	175,024	128,873	-	-
Trade and other receivables	16	355,233	287,279	6,047	5,280
Amounts owing by subsidiaries	17	-	-	41,327	20,861
Amounts owing by associates	18	9,108	8,565	4,187	4,254
Amounts owing by joint ventures	19	-	-	-	-
Current tax assets		5,912	4,275	355	115
Other investments	11	3,031	3,288	-	-
Cash and bank balances	20	105,803	97,115	391	36
		654,111	529,395	52,307	30,546
Assets held for sale	21	6,680	-	-	-
TOTAL ASSETS		1,068,309	959,306	380,845	364,418

Statements of Financial Position

As at 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	22	256,043	245,766	256,043	245,766
Treasury shares	22(c)	(6,248)	(9,688)	(6,248)	(9,688)
Reserves	23	112,404	75,629	15,635	3,668
		362,199	311,707	265,430	239,746
Non-controlling interests	8(e)	120,197	111,854	-	-
TOTAL EQUITY		482,396	423,561	265,430	239,746
LIABILITIES					
Non-current liabilities					
Borrowings	24	50,704	70,847	19,500	29,000
Lease liabilities	6	25,340	10,988	-	-
Deferred tax liabilities	14	10,374	10,877	249	268
Provision for retirement benefits	26	4,679	4,561	-	-
		91,097	97,273	19,749	29,268
Current liabilities					
Borrowings	24	250,092	251,221	34,154	37,813
Lease liabilities	6	15,561	24,126	-	116
Trade and other payables	27	217,987	154,072	2,625	1,474
Amounts owing to subsidiaries	28	-	-	58,887	56,001
Amounts owing to associates	18	2,089	62	-	-
Contract liabilities	29	5,280	3,970	-	-
Current tax liabilities		3,807	5,021	-	-
		494,816	438,472	95,666	95,404
TOTAL LIABILITIES		585,913	535,745	115,415	124,672
TOTAL EQUITY AND LIABILITIES		1,068,309	959,306	380,845	364,418

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

Statements of Profit or Loss

For the Financial Year Ended 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	30	1,538,476	1,472,285	26,946	15,630
Cost of sales		(1,290,266)	(1,263,804)	-	-
Gross profit		248,210	208,481	26,946	15,630
Other operating income		9,067	17,716	314	59
Distribution costs		(96,020)	(90,618)	-	-
Administrative expenses		(83,323)	(99,256)	(6,614)	(4,673)
Other operating expenses		(12,428)	(14,245)	(7,403)	(21,995)
Finance costs	31	(12,734)	(19,070)	(5,672)	(7,117)
Net gains/(losses) on impairment of financial assets		594	(1,052)	1,109	3,989
Share of results of associates, net of tax	9(g)	(2,389)	(2,788)	-	-
Profit/(Loss) before taxation		50,977	(832)	8,680	(14,107)
Taxation	32	(18,418)	(18,060)	(243)	(254)
Profit/(Loss) for the financial year		32,559	(18,892)	8,437	(14,361)
Profit/(Loss) attributable to:					
Owners of the parent		23,753	(9,696)	8,437	(14,361)
Non-controlling interests	8(e)	8,806	(9,196)	-	-
		32,559	(18,892)	8,437	(14,361)
				Group	
				2021	2020
				Sen	Sen
Earnings/(Loss) per ordinary share					
- Basic			33(a)	9.97	(4.31)
- Diluted			33(b)	8.60	(4.31)

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

Statements of Comprehensive Income

For the Financial Year Ended 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) for the financial year		32,559	(18,892)	8,437	(14,361)
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		(4,919)	(2,788)	-	-
Item not to be reclassified subsequently to profit or loss					
Re-measurement of defined benefit liability	26	(22)	(58)	-	-
Other comprehensive loss, net of tax		(4,941)	(2,846)	-	-
Total comprehensive income/(loss)		27,618	(21,738)	8,437	(14,361)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		20,909	(10,818)	8,437	(14,361)
Non-controlling interests	8(e)	6,709	(10,920)	-	-
		27,618	(21,738)	8,437	(14,361)

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 May 2021

Group	Share capital	Capital reserve	Exchange translation reserve	Share options reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2020	245,766	273	10,752	-	(9,688)	64,604	311,707	111,854	423,561
Profit for the financial year	-	-	-	-	-	23,753	23,753	8,806	32,559
Other comprehensive loss, net of tax	-	-	(2,822)	-	-	(22)	(2,844)	(2,097)	(4,941)
Total comprehensive (loss)/income	-	-	(2,822)	-	-	23,731	20,909	6,709	27,618
Transactions with owners									
Ordinary shares issued pursuant to:									
- private placement	8,591	-	-	-	-	-	8,591	-	8,591
- Employees' Share Option Scheme ("ESOS")	1,704	-	-	(524)	-	-	1,180	-	1,180
Share issued expenses	(18)	-	-	-	-	-	(18)	-	(18)
Share options granted under ESOS	-	-	-	3,641	-	-	3,641	149	3,790
Net resold of treasury shares of the Company	-	-	-	-	3,440	2,427	5,867	-	5,867
Accretion of equity interest of a subsidiary	-	-	-	-	-	(152)	(152)	152	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	379	379
Disposal of equity interests in subsidiaries	-	-	-	-	-	11,659	11,659	1,934	13,593
Dividend-in-specie	-	-	-	-	-	(1,185)	(1,185)	1,176	(9)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(2,156)	(2,156)
Total transactions with owners	10,277	273	7,930	3,117	3,440	12,749	29,583	1,634	31,217
Balance as at 31 May 2021	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 May 2021

Group	Share capital	Capital reserve	Exchange translation reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2019	245,766	273	10,706	(5,566)	64,283	315,462	139,443	454,905
Loss for the financial year	-	-	-	-	(9,696)	(9,696)	(9,196)	(18,892)
Other comprehensive loss, net of tax	-	-	(1,064)	-	(58)	(1,122)	(1,724)	(2,846)
Total comprehensive loss	-	-	(1,064)	-	(9,754)	(10,818)	(10,920)	(21,738)
Transactions with owners								
Repurchase of treasury shares of the Company	-	-	-	(4,122)	-	(4,122)	-	(4,122)
Accretion of equity interest of a subsidiary	-	-	1,110	-	10,435	11,545	(11,545)	-
Acquisition of a subsidiary	-	-	-	-	-	-	1,149	1,149
Repurchase of treasury shares of a subsidiary	-	-	-	-	-	-	(2,854)	(2,854)
Additional interest in subsidiaries	-	-	-	-	467	467	(1,767)	(1,300)
Disposal of equity interests in subsidiaries	-	-	-	-	(827)	(827)	982	155
Dividends paid to non-controlling interests	-	-	-	-	-	-	(870)	(870)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,764)	(1,764)
Total transactions with owners	-	-	1,110	(4,122)	10,075	7,063	(16,669)	(9,606)
Balance as at 31 May 2020	245,766	273	10,752	(9,688)	64,604	311,707	111,854	423,561

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

Statement of Changes in Equity

For the Financial Year Ended 31 May 2021

Company	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 June 2020	245,766	(9,688)	-	3,668	239,746
Profit for the financial year	-	-	-	8,437	8,437
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	8,437	8,437
Transactions with owners					
Ordinary shares issued pursuant to:					
- private placement	8,591	-	-	-	8,591
- ESOS	1,704	-	(524)	-	1,180
Share issued expenses	(18)	-	-	-	(18)
Share options granted under ESOS	-	-	3,790	-	3,790
Net resold of treasury shares of the Company	-	3,440	-	2,427	5,867
Dividend-in-specie	-	-	-	(2,163)	(2,163)
Total transaction with owners	10,277	3,440	3,266	264	17,247
Balance as at 31 May 2021	256,043	(6,248)	3,266	12,369	265,430

Company	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 June 2019	245,766	(5,566)	18,029	258,229
Loss for the financial year	-	-	(14,361)	(14,361)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(14,361)	(14,361)
Transaction with owners				
Repurchase of treasury shares of the Company	-	(4,122)	-	(4,122)
Total transaction with owners	-	(4,122)	-	(4,122)
Balance as at 31 May 2020	245,766	(9,688)	3,668	239,746

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

Statements of Cash Flows

For the Financial Year Ended 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		50,977	(832)	8,680	(14,107)
Adjustments for:					
Amortisation of intangible assets	12	2,074	4,263	-	2
Bad debts written off - third parties		22	60	-	-
Deposits written off		1	34	-	-
Depreciation of investment properties	7	12	11	-	-
Depreciation of property, plant and equipment	5	22,427	23,254	589	648
Depreciation of right-of-use assets	6	17,144	27,597	368	381
Dividend income		(22)	-	(25,038)	(13,125)
Fair value gain on derivatives		-	(8)	-	-
Fair value (gain)/loss on other investments		(243)	103	-	-
Gain on disposal of equity interest in subsidiaries		-	-	(308)	-
Gain on disposal/derecognition of subsidiaries		(2)	(2,769)	-	-
Gain on disposal of right-of-use assets		(13)	-	-	-
Gain on lease termination		(2)	-	-	-
Gain on reassessments and modifications of leases		(63)	-	-	-
Gain on remeasurement of previously retained interest		-	(259)	-	-
Impairment loss on amounts owing by associates	18(e)	1,663	2,084	-	33
Impairment loss on amounts owing by joint ventures	19(d)	-	5	-	-
Impairment loss on amounts owing by subsidiaries	17(d)	-	-	-	1,679
Impairment loss on goodwill on consolidation	13	745	5,500	-	-
Impairment loss on investments in associates		-	612	-	2,847
Impairment loss on investments in subsidiaries	8(b)	-	-	6,446	18,314
Impairment loss on trade and other receivables		871	2,910	-	206
Intangible assets written off	12	516	41	-	-
Interest expense	31	12,734	19,070	5,672	7,117
Interest income		(685)	(1,212)	(156)	(554)
Inventories written down	15	728	562	-	-
Inventories written off		-	10	-	-
Loss on disposal of other investments		-	3,000	-	-
Loss/(Gain) on disposal of property, plant and equipment		300	176	(5)	-
Net unrealised loss/(gain) on foreign exchange		3,056	(3,820)	-	-
Other investments written off		33	-	-	-
Property, plant and equipment written off	5	262	1,121	-	-
Provision for retirement benefits	26	180	513	-	-
Reversal of impairment loss on trade and other receivables		(3,128)	(3,947)	-	-
Reversal of impairment loss on amounts owing by subsidiaries	17(d)	-	-	(1,109)	(5,907)
Reversal of long outstanding payables		-	(674)	-	(58)
Share of results of associates	9(g)	2,389	2,788	-	-
Share options granted under ESOS		3,790	-	287	-
Termination of a marketing right		(4,000)	-	-	-
Operating profit/(loss) before working capital changes		111,766	80,193	(4,574)	(2,524)

Statements of Cash Flows

For the Financial Year Ended 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating profit/(loss) before working capital changes (continued)		111,766	80,193	(4,574)	(2,524)
Working capital changes:					
Inventories		(42,763)	41,423	-	-
Trade and other receivables		(69,867)	100,966	(767)	(512)
Trade and other payables		52,713	(64,280)	1,151	44
Contract liabilities		1,310	(12,820)	-	-
Amounts owing by associates		(2,206)	7,795	67	(219)
Amounts owing to associates		2,027	(8,337)	-	-
Cash generated from/(used in) operations		52,980	144,940	(4,123)	(3,211)
Dividend received		-	-	24,506	13,124
Retirement benefits paid	26	(224)	(775)	-	-
Tax paid		(21,305)	(18,066)	(502)	(347)
Net cash from operating activities		31,451	126,099	19,881	9,566
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interests in subsidiaries		-	(1,300)	-	-
Acquisition of associates		(240)	-	-	-
Dividend received		22	-	-	-
Interest received		685	1,212	156	554
Net cash inflow on acquisition of subsidiaries		244	152	-	-
Net cash outflow on disposal of a subsidiary		(2)	(115)	-	-
Net (advances to)/repayments from subsidiaries		-	-	(16,471)	3,336
Proceeds from disposal of equity interests in subsidiaries		13,593	155	403	-
Proceeds from disposal of property, plant and equipment		1,901	1,034	5	-
Proceeds from disposal of right-of-use assets		200	-	-	-
Proceeds from termination of a marketing right		10,000	-	-	-
Purchase of intangible assets	12	(1,355)	(725)	-	-
Purchase of property, plant and equipment	5(c)	(11,915)	(14,313)	(283)	(23)
Purchase of right-of-use assets		(765)	(279)	-	-
Repurchase of treasury shares of a subsidiary		-	(2,854)	-	-
Sale/(Purchase) of other investments		500	(14)	-	-
(Placement)/Withdrawal of short-term deposits:					
- pledged with licensed banks		(4)	(5)	-	-
- with maturity period more than three (3) months		421	(1,432)	-	-
Net cash from/(used in) investing activities		13,285	(18,484)	(16,190)	3,867

Statements of Cash Flows

For the Financial Year Ended 31 May 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(9)	-	(9)	-
Dividends paid to non-controlling interests		-	(870)	-	-
Dividends paid to non-controlling interests of subsidiaries		(2,156)	(1,764)	-	-
Interest paid		(11,753)	(16,916)	(5,669)	(4,547)
Net repayments of borrowings		(5,892)	(42,956)	(4,930)	(2,392)
Net resold/(repurchase) of treasury shares of the Company		5,867	(4,122)	5,867	(4,122)
Payment of lease liabilities	6	(19,861)	(30,886)	(119)	(130)
Proceeds from issuance of shares pursuant to:					
- private placement	22(a)(i)	8,591	-	8,591	-
- ESOS	22(a)(ii)	1,180	-	1,180	-
Share issued expenses	22	(18)	-	(18)	-
Net cash (used in)/from financing activities		(24,051)	(97,514)	4,893	(11,191)
Net increase in cash and cash equivalents		20,685	10,101	8,584	2,242
Cash and cash equivalents at beginning of financial year		73,049	62,913	(9,847)	(12,089)
Effects of exchange rate changes on cash and cash equivalents		(826)	35	-	-
		72,223	62,948	(9,847)	(12,089)
Cash and cash equivalents at end of financial year	20(c)	92,908	73,049	(1,263)	(9,847)

Statements of Cash Flows

For the Financial Year Ended 31 May 2021

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Borrowings					
Balance as at 1 June 2020/2019		322,068	360,815	66,813	71,446
Cash flows		(16,646)	(41,615)	(13,159)	(4,633)
Non-cash flows:					
- Unrealised gain on foreign exchange		(736)	(198)	-	-
- Effect of foreign exchange		(3,890)	3,066	-	-
Balance as at 31 May 2021/2020	24	300,796	322,068	53,654	66,813
Lease liabilities					
Balance as at 1 June 2020/2019		35,114	58,590	116	236
Cash flows		(19,861)	(30,886)	(119)	(130)
Non-cash flows:					
- Additions		30,855	4,691	-	-
- Effect of foreign exchange		(194)	565	-	-
- Reassessments/Modifications		(5,800)	-	-	-
- Termination		(239)	-	-	-
- Unwinding of interest		981	2,154	3	10
- Acquisition of subsidiaries		45	-	-	-
Balance as at 31 May 2021/2020	6	40,901	35,114	-	116

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

Notes to the Financial Statements

31 May 2021

1. CORPORATE INFORMATION

Ancom Berhad (“Ancom” or “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 (“Bursa Securities”).

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 May 2021 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 August 2021.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities and the details of the subsidiaries are disclosed in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 43.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notes to the Financial Statements

31 May 2021

4. OPERATING SEGMENTS

The Group's operations comprise the following main operating segments:

Investment holding : Investment holding

Agricultural chemicals : Manufacture, trading and sale of agricultural chemical products

Industrial chemicals : Manufacture, trading and sale of industrial chemical products

Logistics : Ship-owning, ship-operating, land transportation, container haulage, bulk cargo handling, chemicals warehousing and related services

Media : Provision of out-of-home and digital advertising media space

Polymer : Manufacturing and marketing of polymer products

Others mainly comprise education, information technology, manufacturing and sales of electrical component products and property development.

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before taxation. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the consolidated statement of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Notes to the Financial Statements

31 May 2021

4. OPERATING SEGMENTS (CONTINUED)

(a) Operating segment (continued)

2020	Investment holding RM'000	Agricultural chemicals RM'000	Industrial chemicals RM'000	Logistics RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Revenue									
External sales	903	241,241	1,028,684	42,149	51,798	86,919	20,591	-	1,472,285
Inter-segment sales	18,256	73,629	215	9,252	31	16	3,656	(105,055)	-
Total revenue	19,159	314,870	1,028,899	51,401	51,829	86,935	24,247	(105,055)	1,472,285
Segment (loss)/profit before taxation									
Interest income	(26,348)	34,675	(6,017)	1,569	(7,663)	6,183	(3,853)	622	(832)
Depreciation and amortisation	2,836	239	550	4	-	397	639	(3,453)	1,212
Share of results of associates	(1,681)	(7,668)	(18,223)	(9,804)	(15,894)	(4,910)	(985)	4,040	(55,125)
Interest expense	136	-	-	-	(2,924)	-	-	-	(2,788)
Other material non-cash items:	(8,960)	(1,089)	(6,837)	(4,750)	(1,141)	(18)	(164)	3,889	(19,070)
Gain on disposal/derecognition of subsidiaries	-	-	-	-	2,769	-	-	-	2,769
Loss on disposal of other investments	-	-	-	-	(3,000)	-	-	-	(3,000)
Property, plant and equipment written off	-	(163)	-	-	(935)	-	(23)	-	(1,121)
Unrealised gain/(loss) on foreign exchange	788	1,520	1,897	(1,254)	-	236	-	633	3,820
Impairment loss on:									
- goodwill on consolidation	(5,500)	-	-	-	-	-	-	-	(5,500)
- trade and other receivables	(621)	(1,074)	-	(63)	(761)	-	(391)	-	(2,910)
- amounts owing by associates	(863)	-	-	-	(1,221)	-	-	-	(2,084)
Reversal of impairment loss on trade and other receivables	1,030	8	76	-	2,769	52	12	-	3,947
Segment assets	116,957	188,500	400,273	106,487	91,000	94,566	11,363	(49,840)	959,306
Investments in associates	2,362	507	-	1,802	3,196	-	17	(17)	7,867
Goodwill on consolidation	-	-	85,527	-	5,424	97	-	(22,718)	68,330
Additions to property, plant and equipment and intangible assets	5,906	8,278	5,661	1,817	731	616	191	(1,462)	21,738
Segment liabilities	87,150	83,415	216,304	102,854	39,490	12,926	3,597	(9,991)	535,745

Notes to the Financial Statements

31 May 2021

4. OPERATING SEGMENTS (CONTINUED)

(b) Geographical segment

In determining the geographical segment of the Group, revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Segment assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	929,485	849,868	840,259	786,291
Singapore	111,374	88,239	130,277	72,622
Indonesia	132,073	147,307	76,794	78,192
Other Southeast Asian countries	75,741	68,264	19,274	15,338
Other Asian countries	114,642	94,824	1,705	6,863
Australia and New Zealand	39,147	37,021	-	-
North and South America	85,899	83,053	-	-
Africa	35,275	27,240	-	-
Europe	14,840	76,469	-	-
	1,538,476	1,472,285	1,068,309	959,306

(c) Major customers

There are no major customers with revenue equal or more than ten per centum (10%) of the Group's revenue.

Notes to the Financial Statements

31 May 2021

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.6.2020 RM'000	Reclassification RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written off RM'000	Acquisition of subsidiaries RM'000	Reclassification from/(to) right-of-use assets RM'000	Balance as at 31.5.2021 RM'000
Carrying amount										
Freehold land	1,016	-	-	-	-	-	-	-	-	1,016
Buildings	33,180	-	81	-	(1,599)	(162)	-	-	-	31,500
Bearer plant	-	-	486	-	-	-	-	-	746	1,232
Plant and machinery	76,050	-	5,717	(1,959)	(12,002)	(343)	(219)	1,290	-	68,534
Vessel and equipment	65,558	-	42	-	(3,338)	-	-	-	-	62,262
Motor vehicles	7,435	87	140	(230)	(2,355)	(9)	(36)	-	530	5,562
Furniture, fittings and office equipment	10,524	2,107	1,911	(12)	(2,394)	(43)	(7)	9	(13)	12,082
Renovation	5,990	-	1,016	-	(739)	-	-	-	-	6,267
Assets under construction	907	(2,194)	2,522	-	-	-	-	-	-	1,235
	200,660	-	11,915	(2,201)	(22,427)	(557)	(262)	1,299	1,263	189,690
									↔ At 31.5.2021 ↔	
Freehold land			1,016						-	1,016
Buildings			49,131						(17,631)	31,500
Bearer plant			1,232						-	1,232
Plant and machinery			225,634						(157,100)	68,534
Vessel and equipment			78,738						(16,476)	62,262
Motor vehicles			29,748						(24,186)	5,562
Furniture, fittings and office equipment			39,248						(27,166)	12,082
Renovation			12,282						(6,015)	6,267
Assets under construction			1,235						-	1,235
			438,264						(248,574)	189,690

Notes to the Financial Statements

31 May 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.6.2019 RM'000	Reclassification RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year		Written off RM'000	Acquisition of a subsidiary RM'000	Disposal of a subsidiary RM'000	Reclassification from right-of-use assets RM'000	Balance as at 31.5.2020 RM'000
					RM'000	RM'000					
Carrying amount											
Freehold land	1,016	-	-	-	-	-	-	-	-	-	1,016
Buildings	28,022	-	6,714	-	(1,641)	85	-	-	-	-	33,180
Plant and machinery	70,441	5,965	9,586	(171)	(11,695)	176	(904)	-	-	2,652	76,050
Vessel and equipment	68,717	-	876	-	(4,035)	-	-	-	-	-	65,558
Motor vehicles	8,438	-	1,275	(1,017)	(2,753)	7	-	174	-	1,311	7,435
Furniture, fittings and office equipment	11,503	-	1,459	(22)	(2,448)	17	-	1	(58)	72	10,524
Renovation	6,423	-	249	-	(682)	-	-	-	-	-	5,990
Assets under construction	6,235	(5,965)	854	-	-	-	(217)	-	-	-	907
	200,795	-	21,013	(1,210)	(23,254)	285	(1,121)	175	(58)	4,035	200,660
At 31.5.2020											
								Cost	Accumulated depreciation and impairment		Carrying amount
								RM'000	RM'000		RM'000
Freehold land								1,016	-		1,016
Buildings								49,298	(16,118)		33,180
Plant and machinery								285,843	(209,793)		76,050
Vessel and equipment								78,696	(13,138)		65,558
Motor vehicles								30,036	(22,601)		7,435
Furniture, fittings and office equipment								36,320	(25,796)		10,524
Renovation								11,323	(5,333)		5,990
Assets under construction								907	-		907
								493,439	(292,779)		200,660

Notes to the Financial Statements

31 May 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2020 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2021 RM'000
2021				
Carrying amount				
Building	5,225	-	(127)	5,098
Motor vehicles	130	-	(60)	70
Furniture, fittings and office equipment	151	60	(50)	161
Renovation	1,688	223	(352)	1,559
	7,194	283	(589)	6,888
			← At 31.5.2021 →	
		Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Building		6,327	(1,229)	5,098
Plant and machinery		2,403	(2,403)	-
Motor vehicles		1,772	(1,702)	70
Furniture, fittings and office equipment		1,344	(1,183)	161
Renovation		5,390	(3,831)	1,559
		17,236	(10,348)	6,888

Notes to the Financial Statements

31 May 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2019 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2020 RM'000
2020				
Carrying amount				
Building	5,352	-	(127)	5,225
Motor vehicles	260	-	(130)	130
Furniture, fittings and office equipment	177	23	(49)	151
Renovation	2,030	-	(342)	1,688
	7,819	23	(648)	7,194
			← At 31.5.2020 →	
		Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Building		6,327	(1,102)	5,225
Plant and machinery		2,403	(2,403)	-
Motor vehicles		1,106	(976)	130
Furniture, fittings and office equipment		1,284	(1,133)	151
Renovation		5,167	(3,479)	1,688
		16,287	(9,093)	7,194

Notes to the Financial Statements

31 May 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Freehold land has unlimited useful life and is not depreciated. Bearer plant and assets under construction are not depreciated until such time when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 12.5%
Plant and machinery	5% - 33.3%
Vessel and equipment	5% - 20%
Motor vehicles	5% - 25%
Furniture, fittings and office equipment	5% - 33.3%
Renovation	2% - 10%

- (c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of property, plant and equipment	11,915	21,013	283	23
Settlement from other receivables	-	(6,700)	-	-
Cash payments on purchase of property, plant and equipment	11,915	14,313	283	23

- (d) As at 31 May 2021, certain buildings of the Group and of the Company with a total carrying amount of RM7,879,000 (2020: RM8,111,000) and RM5,098,000 (2020: RM5,225,000) respectively have been charged to licensed banks for banking facilities granted to the Company as disclosed in Note 24 to the financial statements.
- (e) As at 31 May 2021, vessel and equipment of the Group with carrying amount of RM61,809,000 (2020: RM64,722,000) have been charged to a licensed bank for banking facilities granted to a subsidiary as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

2021 Group	Balance as at 1.6.2020		Disposal RM'000	Reassessments/ Modifications RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fication* RM'000	Termination RM'000	Reclassi- fication to assets held for sale RM'000	Acquisition of subsidiaries RM'000	Balance as at 31.5.2021 RM'000
	RM'000	RM'000									
Carrying amount	70,725	623	-	-	(1,802)	(108)	(746)	-	(425)	-	68,267
Leasehold Land	9,925	356	-	(5,709)	(2,292)	(47)	-	(206)	-	-	2,027
Buildings	14,329	27,083	-	-	(10,680)	(662)	-	-	-	-	30,070
Storage tanks	8,681	2,214	(187)	(9)	(1,704)	(6)	(530)	(31)	-	22	8,450
Motor vehicles	397	555	-	-	(351)	-	13	-	-	-	614
Plant and machinery	267	789	-	(19)	(315)	-	-	-	-	-	722
Office equipment	104,324	31,620	(187)	(5,737)	(17,144)	(823)	(1,263)	(237)	(425)	22	110,150
Company											
Carrying amount											
Leasehold Land								21,411	(241)		21,170
Motor vehicles								127	(127)		-
								21,538	(368)		21,170

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

Notes to the Financial Statements

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**The Group as lessee (continued)****Right-of-use assets (continued)**

2020	Balance as		Depreciation	Exchange		Balance as
Group	at 1.6.2019	Additions	charge for the	differences	Reclassification*	at 31.5.2020
	RM'000	RM'000	financial year	RM'000	RM'000	RM'000
			RM'000			RM'000
Carrying amount						
Leasehold land	72,154	314	(1,800)	57	-	70,725
Buildings	20,977	1,629	(12,714)	33	-	9,925
Storage tanks	24,561	53	(10,795)	510	-	14,329
Motor vehicles	9,177	2,578	(1,767)	4	(1,311)	8,681
Plant and machinery	3,021	213	(185)	-	(2,652)	397
Computer software	585	-	(225)	-	(360)	-
Office equipment	267	183	(111)	-	(72)	267
	130,742	4,970	(27,597)	604	(4,395)	104,324

Company	Balance	Depreciation	Balance
	as at	charge for the	as at
	1.6.2019	financial year	31.5.2020
	RM'000	RM'000	RM'000
Carrying amount			
Leasehold land	21,652	(241)	21,411
Motor vehicles	267	(140)	127
	21,919	(381)	21,538

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment and intangible assets as the lease liabilities for those assets have been fully settled during the financial year.

Notes to the Financial Statements

31 May 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**Lease liabilities**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 June 2020/2019	35,114	58,590	116	236
Additions	30,855	4,691	-	-
Exchange differences	(194)	565	-	-
Reassessments/Modifications	(5,800)	-	-	-
Termination	(239)	-	-	-
Lease payments	(19,861)	(30,886)	(119)	(130)
Acquisition of subsidiaries	45	-	-	-
Interest expense	981	2,154	3	10
Balance as at 31 May 2021/2020	40,901	35,114	-	116
Represented by:				
Current liabilities	15,561	24,126	-	116
Non-current liabilities	25,340	10,988	-	-
	40,901	35,114	-	116
Lease liabilities owing to financial institutions	4,439	6,353	-	116
Lease liabilities owing to non-financial institutions	36,462	28,761	-	-
	40,901	35,114	-	116

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	5 to 99 years
Buildings	2 to 5 years
Storage tanks	2 to 8 years
Motor vehicles	2 to 5 years
Plant and machinery	2 to 5 years
Office equipment	2 to 5 years

Notes to the Financial Statements

31 May 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

- (c) As at 31 May 2021, certain land of the Group and of the Company with a total carrying amount of RM27,075,000 (2020: RM27,006,000) and RM21,170,000 (2020: RM21,411,000) respectively have been charged to licensed banks for banking facilities granted to the Company as disclosed in Note 24 to the financial statements.
- (d) The Group has certain leases of assets with lease term of 12 months or less and low value leases of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.
- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Represented by:				
Depreciation charge of right-of-use assets (included in cost of sales, distribution costs and administrative expenses)	17,144	27,597	368	381
Interest expense on lease liabilities (included in finance costs)	981	2,154	3	10
Gain on reassessments and modifications of leases (included in other operating income)	(63)	-	-	-
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	678	1,220	-	-
	18,740	30,971	371	391

7. INVESTMENT PROPERTIES**Group**

	Balance as at 1.6.2020 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2021 RM'000
2021			
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	306	(12)	294
	326	(12)	314

Notes to the Financial Statements

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7. INVESTMENT PROPERTIES (CONTINUED)**Group**

	Balance as at 1.6.2019 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2020 RM'000
2020			
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	317	(11)	306
	337	(11)	326

	Group	
	2021 RM'000	2020 RM'000
Fair value	940	940

- (a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are fifty (50) years.
- (c) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM17,000 (2020: RM15,000).
- (d) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM10,000 (2020: RM10,000).
- (e) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, was recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis.
- (f) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties should the investment properties be disposed. Currently, management does not intend to dispose off the investment properties and the existing use of the investment properties remains for rental purposes.

Notes to the Financial Statements

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8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Quoted shares in Malaysia, at cost	33,500	35,217
Unquoted shares, at cost	264,256	264,256
Equity loans	120,000	120,000
Equity contributions in subsidiaries in respect of ESOS	3,503	-
	421,259	419,473
Less: Impairment losses of investments in unquoted shares	(121,022)	(114,576)
	300,237	304,897

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be initially measured at fair value on the acquisition date, unless another measurement basis is required by MFRS. The choice of the measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the profit margins, growth rates, and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.

Impairment loss of RM6,446,000 (2020: RM18,314,000) was recognised to bring the carrying amount to their recoverable amount due to decline in operations of certain subsidiaries of the Company.

- (c) The details of the subsidiaries are disclosed in Note 42(a) to the financial statements.
- (d) Quoted investments in subsidiaries with a carrying amount of RM30,296,000 (2020: RM34,178,000) and quoted investments held by a subsidiary with a carrying amount of RM70,663,000 (2020: RM71,764,000) have been charged to licensed banks for credit facilities granted to the Company and a subsidiary as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

31 May 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000	Others* RM'000	Total RM'000
2021				
NCI percentage of ownership interest and voting interest (%)	49.7%	66.0%		
Carrying amount of NCI	103,012	12,184	5,001	120,197
Profit/(Loss) allocated to NCI	9,239	1,251	(1,684)	8,806
Other comprehensive loss allocated to NCI	(2,097)	-	-	(2,097)
Total comprehensive income/(loss) allocated to NCI	7,142	1,251	(1,684)	6,709
2020				
NCI percentage of ownership interest and voting interest (%)	49.7%	54.9%		
Carrying amount of NCI	95,870	9,940	6,044	111,854
(Loss)/Profit allocated to NCI	(8,598)	793	(1,391)	(9,196)
Other comprehensive loss allocated to NCI	(1,724)	-	-	(1,724)
Total comprehensive (loss)/income allocated to NCI	(10,322)	793	(1,391)	(10,920)

* The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

Notes to the Financial Statements

31 May 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
2021		
Assets and liabilities		
Non-current assets	284,476	29,598
Current assets	445,628	23,817
Non-current liabilities	(55,263)	(6,714)
Current liabilities	(352,055)	(16,819)
Net assets	322,786	29,882
Results		
Revenue	1,151,677	30,477
Profit for the financial year	18,753	1,390
Total comprehensive income	14,881	1,390
Cash flows from/(used in) operating activities	31,069	(4,244)
Cash flows (used in)/from investing activities	(704)	10,730
Cash flows used in financing activities	(17,352)	(7,262)
Net increase/(decrease) in cash and cash equivalents	13,013	(776)
Dividend paid to NCI	-	2,156
2020		
Assets and liabilities		
Non-current assets	286,231	33,501
Current assets	344,686	15,813
Non-current liabilities	(49,140)	(10,082)
Current liabilities	(273,872)	(8,899)
Net assets	307,905	30,333
Results		
Revenue	1,136,305	30,930
(Loss)/Profit for the financial year	(25,705)	631
Total comprehensive (loss)/income	(29,496)	631
Cash flows from operating activities	92,740	7,741
Cash flows used in investing activities	(4,683)	(1,739)
Cash flows used in financing activities	(75,112)	(6,944)
Net increase/(decrease) in cash and cash equivalents	12,945	(942)
Dividend paid to NCI	-	1,764

Notes to the Financial Statements

31 May 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.1 Acquisition of subsidiaries

(a) During the financial year:

- (i) The Group via its wholly-owned subsidiary, Polytensides Sdn. Bhd. acquired 1,000,000 ordinary shares, representing 100% equity interest in Kemcom Sdn. Bhd. for a total consideration of RM4,584,000.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM'000
Property, plant and equipment	1,290
Right-of-use assets	460
Deferred tax assets	78
Intangible assets	1,045
Inventories	3,907
Trade and other receivables	1,672
Current tax assets	56
Cash and bank balances	796
Lease liabilities	(471)
Trade and other payables	(8,803)
Net assets	30
Goodwill	4,554
Cost of acquisition	4,584
Cash outflow on acquisition:	
Cash and bank balances of a subsidiary acquired	796
Net cash outflow on acquisition	796

- (ii) On 27 January 2021, the Group via its subsidiary, Entopest Environmental Services Sdn. Bhd. ("EESB") acquired the following:

- 10,500 ordinary shares, representing 21% of the issued and paid-up share capital in Airefresh Industries (M) Sdn. Bhd. for a cash consideration of RM1,072,000; and
- 8 ordinary shares, representing 80% of equity interest in Airefresh Marketing Sdn. Bhd. for a cash consideration of RM8.

The acquisition did not have any material impact to the Group.

- (iii) During the financial year, the Company acquired 1 ordinary share, representing 100% equity interest in Ancom Power Solutions Sdn. Bhd. (formerly known as Kenanga Sepadu Sdn. Bhd.) for a cash consideration of RM1. The acquisition did not have any material impact to the Group.

Notes to the Financial Statements

31 May 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.1 Acquisition of subsidiaries (continued)

(b) In the previous financial year:

- (i) The Group via its subsidiary, Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG"), had on 14 June 2019 entered into a share sale agreement with Retromark Solutions Sdn. Bhd. ("RSSB") for the acquisition of 660,000 ordinary shares, representing 30% of the issued and paid-up share capital in Ancom Kimia Sdn. Bhd. ("AKM") for a total consideration of RM1,000,000. Upon completion of the acquisition on 8 July 2019, AKM became a 60% owned subsidiary of PKG on the same date.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM'000
Property, plant and equipment	175
Trade and other receivables	11,524
Other investments	166
Current tax assets	550
Cash and bank balances	152
Deferred tax liabilities	(7)
Trade and other payables	(9,688)
Net assets	2,872
NCI at the date of acquisition	(1,149)
Goodwill	277
Total deemed purchase consideration	2,000
Less: Fair value of interests retained	(1,000)
Cost of acquisition	1,000
Cash inflow on acquisition:	
Cash and bank balances of a subsidiary acquired	152
Net cash inflow on acquisition	152

- (ii) On 16 July 2019, the Group via its subsidiary, Genovasi Malaysia Sdn. Bhd. ("GMSB") acquired one (1) ordinary share, representing 100% equity interest in Genovasi Malaysia DT Sdn. Bhd. for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (iii) On 4 November 2019, GMSB acquired one hundred (100) ordinary shares, representing 100% equity interest in Genovasi University College Sdn. Bhd. for a cash consideration of RM100. The acquisition did not have any material impact to the Group.

Notes to the Financial Statements

31 May 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.2 Acquisition of additional interest in subsidiaries

In the previous financial year, the Group via its wholly-owned subsidiary, Redberry Sdn. Bhd. ("RBSB") entered into a share sale agreement with Puncak Berlian Sdn. Bhd. ("PBSB") for the acquisition of the following companies ("Acquired Companies"):

- Redberry Ambient Sdn. Bhd. ("RBA") comprising 3,760,000 ordinary shares, representing 83.9% equity interest in RBA for cash consideration of RM1,300,000.
- Redberry Outdoors Sdn. Bhd. ("RBO") comprising 4,499,000 ordinary shares, representing 90% equity interest in RBO for cash consideration of RM1.
- Ten Plus Resources Sdn. Bhd. ("TPSB") comprising 90,000 ordinary shares, representing 90% equity interest in TPSB for cash consideration of RM1.
- Redberry Media Sdn. Bhd. ("RBM") comprising 49,000 ordinary shares, representing 49% equity interest in RBM for cash consideration of RM1.
- Redberry Advertising Sdn. Bhd. ("RASB") comprising 2,500,000 ordinary shares, representing 100% equity interest in RASB for cash consideration of RM1.

Upon completion of the acquisition above on 6 August 2019, the Acquired Companies shall remain subsidiaries of the Group.

8.3 Dilution of equity interests in subsidiaries

(a) During the financial year:

- (i) RBSB disposed of ordinary shares, representing 5% equity interest in Digital Showcase Sdn. Bhd. ("DSSB") to OMG Live Limited ("OMG") for a cash consideration of RM1. Upon completion of the disposal, DSSB became a 95% owned subsidiary of the Group on the same date.
- (ii) Entopest disposed of ordinary shares, representing 10% equity interest in Entopest Environmental Services (PG) Sdn. Bhd. ("Entopest PG") for a cash consideration of RM1. Upon completion of the disposal, Entopest PG became a 81% owned subsidiary of the Group on the same date.
- (iii) The equity interest in Ancom Logistics Berhad ("ALB") reduced from 45.1% to 34.0% resulted from the following transactions:
 - the Company and its wholly-owned subsidiary, Rhodemark Development Sdn. Bhd., disposed of a total of 28,600,500 ordinary shares in ALB for a total cash consideration of RM13,593,000.
 - dividend-in-specie via a share dividend distribution of 23,922,795 ALB shares to the Company's shareholders.

(b) In the previous financial year:

- (i) RBSB disposed of 180,000 ordinary shares, representing 30% equity interest in Redberry Retail Sdn. Bhd. ("RRSB") to OMG for a cash consideration of RM1. Upon completion of the disposal, RRSB became a 70% owned subsidiary of the Group.
- (ii) RBSB disposed of 448,300 ordinary shares, representing 10% equity interest in RBA for cash consideration of RM155,000. Upon completion of the disposal, RBA became a 73.9% owned subsidiary of the Group.

Notes to the Financial Statements

31 May 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.4 Disposal of subsidiaries

- (a) During the financial year, the Company disposed its entire equity interest in Jirnexu Advisory Sdn. Bhd. for a cash consideration of RM1. The disposal did not have material impact to the Group.
- (b) During the financial year, Redberry Holdings Sdn. Bhd. ("RHSB"), a wholly-owned subsidiary of the Group, disposed of 900 ordinary shares representing 90% equity interest in GOP Sdn. Bhd. (formerly known as KHK Media Sdn. Bhd.) ("GOP") for a cash consideration of RM900. GOP ceased to be a subsidiary of the Group upon completion of the disposal.
- (c) In the previous financial year, the Company disposed its entire equity interest in Media Works Sdn. Bhd. ("MWSB") for a cash consideration of RM1. Upon completion of the disposal, MWSB ceased to be a subsidiary of the Group on the same date.

The fair values of the identifiable assets and liabilities disposed and the effects on cash flows arising from the disposal were as follows:

	RM'000
Property, plant and equipment	58
Intangible assets	283
Trade and other receivables	3,354
Cash and bank balances	115
Trade and other payables	(6,579)
Net liabilities disposed	(2,769)
Proceeds from disposal	*
Gain on disposal of a subsidiary	(2,769)
Cash outflow on disposal of a subsidiary	
Sale proceeds from disposal	*
Cash and bank balances of a subsidiary disposed	(115)
Net cash outflow on disposal	(115)

* Representing RM1.

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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.5 Equity loan

Equity loans to subsidiaries, which are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

No expected credit loss is recognised arising from equity loans to subsidiaries of the Company as it is negligible.

In the previous financial year, the Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that a portion of the outstanding balance amounting to RM20,000,000 shall constitute as equity loans to a subsidiary, which are unsecured, interest-free and settlement was neither planned nor likely to occur in the foreseeable future, and were considered to be part of the Company's net investment in providing the subsidiary with a long term source of additional capital.

8.6 Common control transactions

- (a) During the financial year, ALB disposed of its entire equity interest in Hikmat Ikhlas Sdn. Bhd. to RBSB for a cash consideration of RM1.
- (b) In the previous financial year, RBSB disposed of its entire equity interest in the following subsidiaries to RHSB:
 - (i) Redberry Contact Center Sdn. Bhd. comprising 5,335,000 ordinary shares for cash consideration of RM4,531,000;
 - (ii) Twinstar Synergy Sdn. Bhd. comprising 1,000,000 ordinary shares for cash consideration of RM1;
 - (iii) Redberry Screens Sdn. Bhd. comprising 2 ordinary shares for cash consideration of RM2;
 - (iv) DSSB comprising 1 ordinary share for cash consideration of RM1;
 - (v) Wheel Sport Management Sdn. Bhd. comprising 335,000 ordinary shares for cash consideration of RM1;
 - (vi) Redberry Animation Sdn. Bhd. comprising 51,000 ordinary shares for cash consideration of RM1;
 - (vii) RRSB comprising 420,001 ordinary shares for cash consideration of RM1;
 - (viii) GOP comprising 1 ordinary share for cash consideration of RM1;
 - (ix) ActMedia (M) Sdn. Bhd. comprising 750,000 ordinary shares for cash consideration of RM1; and
 - (x) PBSB comprising 5,137,530 ordinary shares for cash consideration of RM1.

The above transactions did not have any material impact to the Group.

- (c) In the previous financial year, RBSB disposed of its entire equity interest in the Acquired Companies to DSSB for cash consideration of RM1,145,000.

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9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	24,117	25,128	9,149	9,149
Share of post-acquisition reserves	(9,550)	(7,799)	-	-
	14,567	17,329	9,149	9,149
Less: Impairment losses	(8,849)	(9,462)	(9,149)	(9,149)
	5,718	7,867	-	-

- (a) Investments in associates are measured at cost less impairment losses in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- (b) During the financial year,
- the Group via its subsidiary, Nylex Polymer Marketing Sdn. Bhd. acquired 30% of the equity interest in PT Myindo Acqua Pura, a company incorporated in the Republic of Indonesia, for a cash consideration of IDR740,000,000 (equivalent to RM235,000).
 - the Group via its subsidiary, Fempro Sdn. Bhd. acquired 50% of the equity interest in Jasa Rimbun Sdn. Bhd. for a cash consideration of RM5,000.
 - Durian FM Sdn. Bhd. have commenced the striking off process under Section 550 of the Companies Act 2016. The strike off of this associate did not have any material impact to the Group.
 - the Group disposed its entire equity interest in RSSB. The disposal did not have any material impact to the Group.
- (c) In the previous financial year, PKG has entered into a share sale agreement with RSSB for the acquisition of 660,000 ordinary shares, representing 30% of the issued and paid-up share capital in AKM for a total consideration of RM1,000,000 ("Proposed Acquisition of AKM"). Upon completion of the Proposed Acquisition of AKM on 8 July 2019, AKM ceased to be the associate of PKG and became a 60% owned subsidiary of PKG.
- (d) One Chem Terminal Sdn. Bhd. ("OCT") and PBSB have a financial year end of 31 December and 31 March respectively. Therefore, the financial statements of OCT and PBSB are not coterminous with the Group. In applying the equity method of accounting, the unaudited financial statements of OCT and PBSB for financial period ended 31 May 2021 have been used. The use of the unaudited financial statements is not expected to have any significant effects on the consolidated financial statements of the Group.
- (e) The details of the associates are disclosed in Note 42(b) to the financial statements.
- (f) Summarised financial information of the associates are not disclosed as it is immaterial to the Group.

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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

(g) The aggregate amount of the associates results shared by the Group during the financial year are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Share of losses	(2,389)	(2,788)
Share of other comprehensive income	-	-
Share of total comprehensive loss	(2,389)	(2,788)

(h) Tamco Chongqing Switchgear Company Limited has been placed under liquidation in previous financial years. The completion of the liquidation is pending local regulatory requirements in China.

(i) In the previous financial year, impairment loss on investments in associates of the Group amounted to RM612,000 were recognised as RSSB became dormant in the previous financial year.

(j) In the previous financial year, investments in associates of the Company amounted to RM2,847,000 has been fully impaired.

10. INVESTMENTS IN JOINT VENTURES

	Group	
	2021	2020
	RM'000	RM'000
Unquoted shares, at cost	540	540
Share of post-acquisition reserves	(540)	(540)
	-	-

(a) Investments in joint ventures are stated at cost in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

(b) The details of the joint ventures are disclosed in Note 42(c) to the financial statements.

(c) Senandung Sonik Sdn. Bhd. ("SSSB") and TeaFM Radio Sdn. Bhd. ("TeaFM") are unlisted separate entities whose quoted market prices are not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to assets and obligation for liabilities of the joint arrangement resting primarily with SSSB and TeaFM.

(d) The joint ventures are not allowed to distribute their profits prior to the consent of the venture partners.

(e) Summarised financial information of joint ventures are not disclosed as it is immaterial to the Group.

Notes to the Financial Statements

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11. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	147	148	-	-
Club memberships	268	300	243	243
	415	448	243	243
Current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	840	638	-	-
Unit trusts	2,191	2,650	-	-
	3,031	3,288	-	-

- (a) Unit trusts of the Group are categorised as Level 2 in the fair value hierarchy. Fair values of unit trusts is determined by reference to closing price at the end of the reporting period.
- (b) Club memberships are categorised as Level 3 in the fair value hierarchy. Fair values of club memberships is determined by reference to club memberships price.
- (c) Sensitivity analysis for other investments is not disclosed as it is immaterial to the Group.
- (d) There is no transfer between levels in the hierarchy during the financial year.

Notes to the Financial Statements

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12. INTANGIBLE ASSETS

Group

	Balance as at 1.6.2020 RM'000	Acquisition of a subsidiary RM'000	Additions RM'000	Written-off RM'000	Termination RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2021 RM'000
2021							
Carrying amount							
Separate acquired chemical formula	-	1,045	-	-	-	-	1,045
Rights	17,652	-	-	-	(16,000)	(298)	1,354
Computer software	3,803	-	1,355	(12)	-	(1,767)	3,379
Development expenditure	513	-	-	(504)	-	(9)	-
	21,968	1,045	1,355	(516)	(16,000)	(2,074)	5,778

	Balance as at 1.6.2019 RM'000	Disposal of a subsidiary RM'000	Additions RM'000	Written-off RM'000	Reclassification from right-of-use assets RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2020 RM'000
2020							
Carrying amount							
Rights	20,516	(283)	-	-	-	(2,581)	17,652
Computer software	4,394	-	724	-	360	(1,675)	3,803
Development expenditure	560	-	1	(41)	-	(7)	513
	25,470	(283)	725	(41)	360	(4,263)	21,968

Notes to the Financial Statements

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12. INTANGIBLE ASSETS (CONTINUED)

	Company	
	2021	2020
	RM'000	RM'000
Computer software		
Balance as at 1 June 2020/2019	-	2
Amortisation during the financial year	-	(2)
Balance as at 31 May 2021/2020	-	-

- (a) Rights represent audio and visual advertising network distributions secured by the Group for media sales. These are recognised as assets at the acquisition date and initially measured at cost. After initial recognition, the rights are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.
- (b) Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
- (c) Development expenditure comprise salaries of personnel involved in the development and design of products prior to commencement of commercial production.
- (d) Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal amortisation periods are as follows:

Rights	5 to 10 years
Computer software	3 to 5 years
Development expenditure	5 years

Separate acquired chemical formula is not amortised until such time when the asset is available for use.

- (e) The following describes the key assumptions used on which the Group has based its cash flow projections for the purposes of the impairment test on individual cash generating units ("CGU") held as Rights:

Media Segment

- i. Cash flows were projected based on financial budgets approved by the CGU. The budgets covered a period of three (3) years, in accordance with the remaining years of utilisation of the Rights.
- ii. The revenue to be derived from the Rights is anticipated to be at least RM400,000 per year from financial year 2022 to financial year 2024.
- iii. Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 6.5% (2020: 4.0%).

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

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13. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 June 2020/2019	68,330	77,926
Acquisition of subsidiaries	5,332	277
Impairment loss on goodwill on consolidation	(745)	(5,500)
Foreign exchange differences	(2,805)	(4,373)
Balance as at 31 May 2021/2020	70,112	68,330

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy for foreign currencies.

Impairment loss on goodwill on consolidation amounting to RM745,000 (2020: RM5,500,000) was recognised during the financial year due to adverse adjustments made to the forecasted operating cash flows included in the value in use.

(a) Allocation of goodwill

Goodwill has been allocated to the Group's CGUs which has been identified according to business segments as follows:

	Group	
	2021 RM'000	2020 RM'000
Industrial chemicals	58,790	61,593
Polymer	95	97
Media	3,654	4,155
Others	7,573	2,485
	70,112	68,330

(b) Recognition and measurement of impairment loss

For the purpose of impairment testing, goodwill is allocated from the acquisition date, to each of the Group's CGU that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that all the CGUs are held on a long-term basis, the value-in-use would best reflect their recoverable amount. The value-in-use is determined by discounting future cash flows over a relevant period. The future cash flows are based on management's business plans, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

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13. GOODWILL ON CONSOLIDATION (CONTINUED)

(b) Recognition and measurement of impairment loss (continued)

There remains a risk that the ability to achieve management's business plans may be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions.

Industrial chemicals and Polymer CGUs

The key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

- (i) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 6.2% (2020: 3.6%).
- (ii) Growth rate used is based on historical trends of each CGU taking into account the industry outlook. The average growth rate is 1.5% (2020: 3.3%) per annum.
- (iii) The profit margin applied to the projections are the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements or deficiency.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of the polymer CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

For the industrial chemicals CGU, the estimated recoverable amount is higher than its carrying amount. The implication of the key assumptions for the recoverable amount is discussed below:

I. Discount rate assumptions

The discount rate calculation is based on the specific circumstances of the Group and its operating segments which takes into account both debt and equity of the Company. The management has considered the possibility of greater than forecasted discount rate.

Based on the sensitivity analysis performed by the management, increase of 100 basis point in the discount rate used would result in additional impairment loss of RM7,983,000 (2020: Nil).

II. Growth rate assumptions

Management has considered that a possibility of a weaker than the anticipated growth rate which may occur if the industrial chemicals CGU does not perform as per expected results. The effect of bearish future growth performance is not expected to have an adverse impact on forecasts included in the budget, where a reduction in 100 basis point of the growth rate used would result in an additional impairment loss of RM5,465,000 (2020: Nil).

Notes to the Financial Statements

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13. GOODWILL ON CONSOLIDATION (CONTINUED)

- (b) Recognition and measurement of impairment loss (continued)

Media CGU

The key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

- (i) Growth rate used is based on the historical trends of the CGU. The average growth rate is 1.0% (2020: 1.0%) per annum.
- (ii) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 6.5% (2020: 4.0%).

Management is not aware of any reasonable possible changes in the key assumptions, which would cause the carrying amount of the media CGU to materially exceed its recoverable amount.

Other CGUs

The management is not aware of any reasonable possible changes which would cause the carrying amount of the CGUs to materially exceed its recoverable amount.

14. DEFERRED TAX (ASSETS)/LIABILITIES

- (a) The deferred tax (assets)/liabilities are made up of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 June 2020/2019	(15,111)	(15,470)	268	248
Recognised in profit or loss (Note 32)	(126)	470	(19)	20
Acquisition of subsidiaries	(75)	7	-	-
Foreign exchange differences	345	(118)	-	-
	144	359	(19)	20
Balance as at 31 May 2021/2020	(14,967)	(15,111)	249	268
Presented after appropriate offsetting as follows:				
Deferred tax assets, net*	(25,341)	(25,988)	-	-
Deferred tax liabilities, net*	10,374	10,877	249	268
	(14,967)	(15,111)	249	268

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM513,000 (2020: RM2,096,000) for the Group.

Notes to the Financial Statements

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14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

- (b) The components and movements of deferred tax liabilities and assets of the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group	Property, plant and equipment RM'000
2021	
Balance as at 1 June 2020	12,973
Recognised in profit or loss	(2,292)
Acquisition of subsidiaries	130
Foreign exchange differences	76
Balance as at 31 May 2021	10,887
2020	
Balance as at 1 June 2019	11,406
Recognised in profit or loss	1,569
Acquisition of a subsidiary	4
Foreign exchange differences	(6)
Balance as at 31 May 2020	12,973

Deferred tax assets of the Group	Provision for liabilities RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2021				
Balance as at 1 June 2020	(5,246)	(21,762)	(1,076)	(28,084)
Recognised in profit or loss	706	1,467	(7)	2,166
Acquisition of subsidiaries	(35)	(56)	(114)	(205)
Foreign exchange differences	36	198	35	269
Balance as at 31 May 2021	(4,539)	(20,153)	(1,162)	(25,854)
2020				
Balance as at 1 June 2019	(3,699)	(22,131)	(1,046)	(26,876)
Recognised in profit or loss	(1,522)	452	(29)	(1,099)
Acquisition of subsidiaries	3	-	-	3
Foreign exchange differences	(28)	(83)	(1)	(112)
Balance as at 31 May 2020	(5,246)	(21,762)	(1,076)	(28,084)

Notes to the Financial Statements

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14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

(c) The components and movements of deferred tax liabilities of the Company during the financial year are as follows:

Deferred tax liabilities of the Company	Property, plant and equipment RM'000
2021	
Balance as at 1 June 2020	268
Recognised in profit or loss	(19)
Balance as at 31 May 2021	249
2020	
Balance as at 1 June 2019	248
Recognised in profit or loss	20
Balance as at 31 May 2020	268

(d) The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	131,491	120,985
Unabsorbed capital allowances	15,645	17,921
Others	(4,591)	(6,172)
	142,545	132,734

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not certain that these subsidiaries will have future taxable profits to offset the unutilised tax losses and unabsorbed capital allowances.

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to guidelines issued by tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Notes to the Financial Statements

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14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

- (d) The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows: (continued)

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses		
No expiry date	30,840	33,760
Expires by year of assessment 2021	-	582
Expires by year of assessment 2022	-	313
Expires by year of assessment 2023	-	136
Expires by year of assessment 2024	424	1,205
Expires by year of assessment 2025	55,054	58,184
Expires by year of assessment 2026	12,928	14,562
Expires by year of assessment 2027	11,803	12,243
Expires by year of assessment 2028	20,442	-
	131,491	120,985

15. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost		
Raw materials and consumables	38,075	37,122
Packing materials	760	353
Work-in-progress	2,667	4,268
Finished goods	58,416	48,084
Inventory-in-transit	3,502	1,108
	103,420	90,935
At net realisable value		
Raw materials and consumables	6,749	3,455
Finished goods	64,855	34,483
	71,604	37,938
	175,024	128,873

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15. INVENTORIES (CONTINUED)

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

Cost is determined using the first-in, first-out formula and weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location. Cost of finished goods and work-in-progress include the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,272,609,000 (2020: RM1,216,232,000). The Group has also written down inventories by RM728,000 (2020: RM562,000) to their net realisable value.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables				
Third parties	276,499	219,885	-	-
Related parties	1,191	1,191	-	-
	277,690	221,076	-	-
Less: Impairment losses	(20,037)	(21,856)	-	-
	257,653	199,220	-	-
Other receivables				
Third parties	44,507	35,243	6,335	5,557
Related parties	20,388	17,625	-	-
Deposits	30,785	27,622	15	15
	95,680	80,490	6,350	5,572
Less: Impairment losses	(14,019)	(13,732)	(303)	(293)
	81,661	66,758	6,047	5,279
Total receivables	339,314	265,978	6,047	5,279
Deferred expenditures	7,771	10,128	-	-
Prepayments	8,148	11,173	-	1
	15,919	21,301	-	1
	355,233	287,279	6,047	5,280

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from one (1) month to four (4) months (2020: one (1) month to four (4) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) Amounts owing from related parties in other receivables are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (d) The currency exposure profile of trade and other receivables are disclosed in Note 36(i) to the financial statements.
- (e) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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 twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of customer sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (i.e. unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, and the appropriate forward looking information, including the impact of COVID-19 pandemic.

Lifetime expected loss provision for trade receivables of the Group are as follows:

2021	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
Collective assessment			
Not past due	189,898	(1,178)	188,720
Past due			
1 to 30 days	48,816	(1,019)	47,797
31 to 60 days	11,686	(828)	10,858
Over 60 days	12,834	(7,485)	5,349
	73,336	(9,332)	64,004
Individual assessment	14,456	(9,527)	4,929
	277,690	(20,037)	257,653

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) Recognition and measurement of impairment loss (continued)

2020	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
Collective assessment			
Not past due	130,900	(586)	130,314
Past due			
1 to 30 days	35,084	(564)	34,520
31 to 60 days	16,048	(793)	15,255
Over 60 days	13,373	(4,999)	8,374
	64,505	(6,356)	58,149
Individual assessment	25,671	(14,914)	10,757
	221,076	(21,856)	199,220

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Impairment for other receivables, amounts owing by subsidiaries, amounts owing by associates and amounts owing by joint ventures are recognised based on the 3 stages general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as twenty percent (20%) on relative basis and including operating performance of the receivables, payment trends and past due information.

The probability of non-payment by other receivables and inter-company balances are adjusted by forward-looking information (i.e. unemployment rate, gross domestic product growth rate and inflation rate) and multiplied by the amount of the expected loss arising from default to determine the 12-month or lifetime expected credit loss for other receivables and inter-company balances.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Movement in impairment loss are as follows:

	Group	
	2021	2020
Trade receivables	RM'000	RM'000
Balance as at 1 June 2020/2019	21,856	23,129
Charge for the financial year	793	1,842
Reversal of impairment loss	(2,927)	(2,674)
Written off	(41)	(458)
Exchange differences	88	17
Acquisition of subsidiaries	268	-
Balance as at 31 May 2021/2020	20,037	21,856

	12-month	Credit	Total
	ECL	impaired	
Other receivables	RM'000	RM'000	RM'000
Group			
Balance as at 1 June 2020	380	13,352	13,732
Charge for the financial year	41	37	78
Reversal of impairment loss	(142)	(59)	(201)
Written off	-	(401)	(401)
Transfer from amounts owing by associates	-	801	801
Disposal of a subsidiary	-	10	10
Balance as at 31 May 2021	279	13,740	14,019
Balance as at 1 June 2019	296	13,816	14,112
Charge for the financial year	145	923	1,068
Reversal of impairment loss	(49)	(1,224)	(1,273)
Written off	(12)	(163)	(175)
Balance as at 31 May 2020	380	13,352	13,732
Company			
Balance as at 1 June 2020	195	98	293
Disposal of a subsidiary	-	10	10
Balance as at 31 May 2021	195	108	303
Balance as at 1 June 2019	87	-	87
Charge for the financial year	108	98	206
Balance as at 31 May 2020	195	98	293

(g) Information on financial risks of trade and other receivables are disclosed in Note 36 to the financial statements.

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17. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Amounts owing by subsidiaries	43,810	24,463
Less: Impairment losses	(2,483)	(3,602)
	41,327	20,861

- (a) Amounts owing by subsidiaries are classified as financial assets measured at amortised cost.
- (b) The amounts owing by subsidiaries represent advances and payments made on behalf, which are interest-free, unsecured and payable within next twelve (12) months or upon demand in cash and cash equivalents except for an amount of RM8,156,000 (2020: RM2,652,000), which bears interest at 3.5% (2020: 3.5% to 6.0%) per annum.
- (c) Amounts owing by subsidiaries are denominated in RM.
- (d) Recognition and measurement of impairment loss

Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

Movements in the impairment allowance for amounts owing by subsidiaries are as follows:

Company	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 June 2020	339	3,263	3,602
Disposal of a subsidiary	-	(10)	(10)
Reversal of impairment loss	(207)	(902)	(1,109)
Balance as at 31 May 2021	132	2,351	2,483
Balance as at 1 June 2019	540	7,290	7,830
Charge for the financial year	-	1,679	1,679
Reversal of impairment loss	(201)	(5,706)	(5,907)
Balance as at 31 May 2020	339	3,263	3,602

- (e) Information on financial risks of amounts owing by subsidiaries are disclosed in Note 36 to the financial statements.

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18. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amounts owing by associates	23,192	21,787	4,325	4,392
Less: Impairment losses	(14,084)	(13,222)	(138)	(138)
	9,108	8,565	4,187	4,254
Amounts owing to associates	(2,089)	(62)	-	-

- (a) Amounts owing by associates are classified as financial assets measured at amortised cost.
- (b) Amounts owing to associates are classified as financial liabilities measured at amortised cost.
- (c) The amounts owing by/(to) associates represent balances arising from trade transactions, advances and payments made on behalf which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents. The trade transactions are carried out based on normal trade terms as disclosed in Notes 16(b) and 27(b) to the financial statements.
- (d) Amounts owing by/(to) associates are denominated in RM.
- (e) Recognition and measurement of impairment loss

Impairment for amounts owing by associates are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

Movements in the impairment allowance for amounts owing by associates are as follows:

	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
Balance as at 1 June 2020	105	13,117	13,222
Transfer to other receivables	-	(801)	(801)
Charge for the financial year	-	1,663	1,663
Balance as at 31 May 2021	105	13,979	14,084
Balance as at 1 June 2019	105	11,033	11,138
Charge for the financial year	-	2,084	2,084
Balance as at 31 May 2020	105	13,117	13,222
Company			
Balance as at 1 June 2020/31 May 2021	105	33	138
Balance as at 1 June 2019	105	-	105
Charge for the financial year	-	33	33
Balance as at 31 May 2020	105	33	138

- (f) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 36 to the financial statements.

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19. AMOUNTS OWING BY JOINT VENTURES

	Group	
	2021 RM'000	2020 RM'000
Amounts owing by joint ventures	93	93
Less: Impairment losses	(93)	(93)
	-	-

- (a) Amounts owing by joint ventures are classified as financial assets measured at amortised cost.
- (b) The amounts owing by joint ventures represent advances and payments made on behalf, which are unsecured, interest free and payable within next twelve (12) months or upon demand in cash and cash equivalents.
- (c) Amounts owing by joint ventures are denominated in RM.
- (d) Recognition and measurement of impairment loss

Impairment for amounts owing by joint ventures are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

Movements in the impairment allowance for amounts owing by joint ventures are as follows:

Credit impaired	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 June 2020/2019	93	88
Charge for the financial year	-	5
Balance as at 31 May 2021/2020	93	93

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20. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term deposits with licensed banks	14,970	17,090	-	-
Cash and bank balances	90,833	80,025	391	36
	105,803	97,115	391	36

- (a) Short term deposits of the Group amounting to RM152,000 (2020: RM148,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 24 to the financial statements.
- (b) The currency exposure profiles of cash and bank balances are disclosed in Note 36(i) to the financial statements.
- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	105,803	97,115	391	36
Less:				
Short term deposits with maturity period more than three (3) months	(3,238)	(3,659)	-	-
Short term deposits pledged with licensed banks	(152)	(148)	-	-
Bank overdrafts (Note 24)	(9,505)	(20,259)	(1,654)	(9,883)
As reported in statements of cash flows	92,908	73,049	(1,263)	(9,847)

- (d) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one (1) day and twelve (12) months, depending on the immediate cash requirements of the Group, and earn interest at respective short term deposits rates.
- (e) No expected credit losses were recognised arising from the deposits with licensed banks because the probability of default by these license banks were negligible.
- (f) Information on financial risks of cash and bank balances are disclosed in Note 36 to the financial statements.

Notes to the Financial Statements

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21. ASSETS HELD FOR SALE

	Group	
	2021	2020
	RM'000	RM'000
Leasehold land	425	-
Land and building	6,255	-
	6,680	-

- (a) The Group via its subsidiary, Ancom Energy & Services Sdn. Bhd., entered into a sale and purchase agreement with T & A Holdings Sdn. Bhd. ("TASB") on 9 March 2021 to dispose a piece of leasehold land located at Port Klang, Selangor for a cash consideration of RM1,419,000. Accordingly, the leasehold land under the right-of-use assets is classified as assets held for sale.

As at 31 May 2021, the conditions precedent stipulated in the sale and purchase agreement has yet to be fulfilled.

- (b) During the financial year, the Group via its subsidiary, Syarikat Wandeerfull (Kg Attap) Sdn. Bhd. ("SWKA") acquired a land and building located at Jalan Chan Sow Lin, Kuala Lumpur for consideration of RM6,255,000. Subsequent to the completion of the above acquisition, SWKA entered into a sale and purchase agreement with Pudu Ria Flourish Trading Sdn. Bhd. on 19 January 2021 to dispose the land and building for a consideration of RM8,000,000.

As at 31 May 2021, the conditions precedent stipulated in the sale and purchase agreement has yet to be fulfilled.

- (c) On 24 May 2021, sale and purchase agreement entered into between Perusahaan Kimia Gemilang (Vietnam) Company Ltd. and TOP Solvent (Vietnam) Limited Liability Company in respect of the proposed disposal of terminal assets for a cash consideration of USD6,250,000 (equivalent to approximately RM26,391,000). The sale and purchase transaction has yet to be completed as at the date of this report. The terminal assets have been fully depreciated in the previous financial years.

22. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM'000	Number of shares	RM'000
Issued and fully paid:				
Balance as at 1 June 2020/2019	240,849,284	245,766	240,849,284	245,766
Ordinary share issued pursuant to:				
- private placement	12,100,000	8,591	-	-
- ESOS	1,542,188	1,704	-	-
Share issued expenses	-	(18)	-	-
Balance as at 31 May 2021/2020	254,491,472	256,043	240,849,284	245,766

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22. SHARE CAPITAL (CONTINUED)

(a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 240,849,284 to 254,491,472 by way of issuance of 13,642,188 new ordinary shares pursuant to the following:

- (i) private placement of 12,100,000 new ordinary shares of RM0.71 each for cash totalling RM8,591,000; and
- (ii) 1,542,188 options exercised under the ESOS at exercise price of RM0.765 each for cash totalling of RM1,180,000.

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

- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.
- (c) Treasury shares

During the financial year, the Company repurchased/resold its issued ordinary shares from the open market as summarised below:

Month	Number of shares	Market price			(Cost of disposal)/ Consideration paid RM'000
		Lowest RM	Highest RM	Average RM	
Shares resold					
June 2020	(3,450,000)	0.680	0.815	0.730	(1,808)
July 2020	(1,709,300)	0.705	1.050	0.752	(896)
January 2021	(300,000)	0.920	1.200	1.066	(158)
March 2021	(1,249,000)	1.230	1.570	1.436	(657)
Shares repurchased					
August 2020	100,000	0.720	1.150	0.901	79
	<u>(6,608,300)</u>				<u>(3,440)</u>

As at 31 May 2021, a total of 11,875,059 (2020: 18,483,359) treasury shares at a total cost of RM6,248,000 (2020: RM9,688,000) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and listing requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 May 2021 net of treasury shares is 242,616,413 (2020: 222,365,925).

Notes to the Financial Statements

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23. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable				
Capital reserve	273	273	-	-
Exchange translation reserve	7,930	10,752	-	-
Share options reserve	3,117	-	3,266	-
Distributable				
Retained earnings	101,084	64,604	12,369	3,668
	112,404	75,629	15,635	3,668

Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share capital. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

Notes to the Financial Statements

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24. BORROWINGS

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities					
Unsecured					
Revolving credits		2,250	4,250	2,250	4,250
Others		16	-	-	-
		2,266	4,250	2,250	4,250
Secured					
Revolving credits		17,250	24,750	17,250	24,750
Term loans		31,188	41,847	-	-
		48,438	66,597	17,250	24,750
		50,704	70,847	19,500	29,000
Current liabilities					
Unsecured					
Bankers' acceptances		86,650	79,980	-	-
Bank overdrafts		999	3,989	999	3,989
Revolving credits		52,400	56,400	7,000	6,000
Trust receipts		30,405	33,449	-	-
Others		3,995	-	-	-
		174,449	173,818	7,999	9,989
Secured					
Bank overdrafts		8,506	16,270	655	5,894
Revolving credits		25,500	20,252	25,500	20,250
Trust receipts		19,308	6,752	-	-
Term loans		7,875	9,843	-	1,680
Others		14,454	24,286	-	-
		75,643	77,403	26,155	27,824
		250,092	251,221	34,154	37,813
Total borrowings					
Bankers' acceptances		86,650	79,980	-	-
Bank overdrafts	20	9,505	20,259	1,654	9,883
Revolving credits		97,400	105,652	52,000	55,250
Trust receipts		49,713	40,201	-	-
Term loans	25	39,063	51,690	-	1,680
Others		18,465	24,286	-	-
		300,796	322,068	53,654	66,813

Notes to the Financial Statements

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24. BORROWINGS (CONTINUED)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The secured borrowings of the Group are secured by the following:
- (i) a fixed charge over certain land and buildings of the Group and of the Company as disclosed in Notes 5 and 6 to the financial statements;
 - (ii) a fixed charge over the vessel and equipment of the Group as disclosed in Note 5 to the financial statements;
 - (iii) a charge over certain quoted shares of quoted subsidiaries of the Company and a charge over certain quoted investments held by a subsidiary as disclosed in Note 8 to the financial statements;
 - (iv) pledge of short term deposits of the Group with licensed banks as disclosed in Note 20 to the financial statements; and
 - (v) assignment of insurance policies covering stock in trade in favour of the bank of certain subsidiaries.
- (c) The secured borrowings of the Company are secured by the following:
- (i) a fixed charge over the land and buildings of the Company and a subsidiary; and
 - (ii) certain quoted shares of a quoted subsidiary and shares of an unquoted subsidiary.
- (d) The currency exposure profiles of borrowings are disclosed in Note 36(i) to the financial statements.
- (e) Information on financial risks of borrowings are disclosed in Note 36 to the financial statements.

25. TERM LOANS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities				
- not later than one year	7,875	9,843	-	1,680
Non-current liabilities				
- later than one year and not later than five years	31,188	41,591	-	-
- later than five years	-	256	-	-
	31,188	41,847	-	-
	39,063	51,690	-	1,680

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26. PROVISION FOR RETIREMENT BENEFITS

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 June 2020/2019	4,561	4,666
Actuarial loss from re-measurement	22	58
Expense recognised in profit or loss	180	513
Benefits paid	(224)	(775)
Foreign exchange differences	140	99
Balance as at 31 May 2021/2020	4,679	4,561

The retirement benefit obligation is a post-employment benefit plan under which the Group is obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service.

- (a) The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, PT Nylex Indonesia and PT PKG Lautan Indonesia., in accordance with the legislations established in Indonesia.

The principal actuarial assumptions used are as follows:

Indonesia	2021 %	2020 %
Discount rate	7.8 - 8.0	8.1 - 8.5
Annual salary increment	8.0 - 10.0	8.0 - 10.0

The management believes that no reasonably possible changes in any of the above key assumptions would lead to significant changes to the present value of the retirement obligations.

- (b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the retirement benefit obligation by the amounts shown below:

	2021 RM'000	2020 RM'000
Discount rate		
- if increase 1%	(268)	(238)
- if decrease 1%	319	247
Annual salary increment		
- if increase 1%	312	245
- if decrease 1%	(268)	(238)

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27. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	157,860	98,773	-	-
Other payables	31,415	27,454	686	265
Deposits	520	263	121	121
Accruals	28,192	27,574	1,818	1,088
Total payables	217,987	154,064	2,625	1,474
Derivative liabilities	-	8	-	-
	217,987	154,072	2,625	1,474

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost except for hedge derivative liabilities, which are classified as financial liabilities measured at fair value through profit or loss.
- (b) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2020: 30 to 90 days) from date of invoice.
- (c) The Group uses forward currency derivatives to manage some of the foreign transaction exposure. These derivatives are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- (d) Derivative liabilities of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (e) Fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (f) The currency exposure profiles of trade and other payables are disclosed in Note 36(i) to the financial statements.
- (g) Information on financial risks of trade and other payables are disclosed in Note 36 to the financial statements.

28. AMOUNTS OWING TO SUBSIDIARIES

- (a) Amounts owing to subsidiaries are classified as financial liabilities measured at amortised cost.
- (b) The amounts owing to subsidiaries represent advances and payments made on the Company's behalf by the subsidiaries, which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM58,864,000 (2020: RM55,482,000), which is subject to interest ranging from 3.5% - 6.25% (2020: 3.5% - 7.5%) per annum.
- (c) Amounts owing to subsidiaries are denominated in RM.
- (d) Information on financial risks of amounts owing to subsidiaries are disclosed in Note 36 to the financial statements.

Notes to the Financial Statements

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29. CONTRACT LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
Deferred revenue	5,280	3,970

Deferred revenue is recognised as revenue when performance obligations are satisfied.

30. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Revenue from contracts with customers</i>				
Recognised at point in time:				
Sale of goods	1,491,412	1,385,242	-	-
Services rendered	30,739	36,661	-	-
Recognised over time:				
Services rendered	11,212	44,343	-	-
	1,533,363	1,466,246	-	-
<i>Other revenue</i>				
Rental income	5,113	6,039	1,752	1,951
Interest income	-	-	156	554
Dividend income:				
- Unquoted investments in Malaysia	-	-	6	5
- Quoted subsidiaries	-	-	532	320
- Unquoted subsidiaries	-	-	24,500	12,800
	-	-	25,038	13,125
	1,538,476	1,472,285	26,946	15,630

Notes to the Financial Statements

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30. REVENUE (CONTINUED)

(a) Revenue from contracts with customers is disaggregated in Note 4 to the financial statements by geographical area.

(b) Sale of goods

Revenue from the sale of goods is recognised when the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(c) Services rendered

Revenue in respect of the rendering of services is recognised when performance obligation is satisfied at point in time or over time.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(e) Interest income

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

31. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- amounts owing to subsidiaries	-	-	2,695	2,871
- bank overdrafts	1,050	1,335	766	1,051
- term loans, revolving credits and bankers' acceptances	8,465	12,527	2,198	3,150
- lease liabilities	981	2,154	3	10
- others	2,238	3,054	10	35
	12,734	19,070	5,672	7,117

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32. TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current taxation				
- Malaysian income tax	17,793	13,610	256	325
- Foreign income tax	1,953	3,374	-	-
	19,746	16,984	256	325
(Over)/Under provision in prior years:				
- Malaysian income tax	(1,203)	633	6	(91)
- Foreign income tax	1	(27)	-	-
	(1,202)	606	6	(91)
	18,544	17,590	262	234
Deferred tax (Note 14)				
Relating to origination and reversal of temporary differences	270	534	(21)	(24)
(Over)/Under provision in prior years	(396)	(64)	2	44
	(126)	470	(19)	20
	18,418	18,060	243	254

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements

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32. TAXATION (CONTINUED)

- (c) The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before taxation	50,977	(832)	8,680	(14,107)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	12,234	(200)	2,083	(3,386)
Tax effects in respect of:				
Non-allowable expenses	10,177	16,377	4,504	8,330
Non-taxable income	(3,696)	(5,514)	(6,352)	(4,643)
Tax incentives and allowances	(794)	(55)	-	-
Deferred tax assets not recognised	4,808	7,925	-	-
Effect of changes in tax rate	7	440	-	-
Share of results of associates	761	(669)	-	-
Utilisation of unrecognised tax losses and capital allowances	(2,453)	(978)	-	-
Different tax rates in foreign jurisdictions	(1,028)	192	-	-
	20,016	17,518	235	301
(Over)/Under provision in prior years:				
- income tax	(1,202)	606	6	(91)
- deferred tax	(396)	(64)	2	44
	(1,598)	542	8	(47)
	18,418	18,060	243	254

- (d) Tax savings of the Group are as follows:

	Group	
	2021 RM'000	2020 RM'000
Utilisation of unrecognised tax losses and capital allowances	2,453	978
Utilisation of tax incentives and allowances	794	55

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33. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic

The basic earnings/(loss) per ordinary share for the financial year has been calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year.

	Group	
	2021	2020
Profit/(Loss) attributable to owners of the parent (RM'000)	23,753	(9,696)
Weighted average number of ordinary shares in issue ('000)	238,352	225,184
Basic earnings/(loss) per ordinary share for the financial year (sen)	9.97	(4.31)

(b) Diluted

The diluted earnings/(loss) per ordinary share for the financial year has been calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parents and the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2021	2020
Profit/(Loss) attributable to owners of the parent (RM'000)	23,753	(9,696)
Weighted average number of ordinary shares in issue ('000)	238,352	225,184
Effects of dilution:		
- ESOS	9,716	-
- Warrants B	28,245	-
Adjusted weighted average number of ordinary shares in issue ('000)	276,313	225,184
Diluted earnings/(loss) per ordinary share for the financial year (sen)	8.60	(4.31)

34. DIVIDEND

On 21 September 2020, the Company proposed a final dividend for the financial year ended 31 May 2020 by way of dividend-in-specie via a share dividend distribution of up to 25,294,284 ordinary shares in ALB, representing approximately 5.34% equity interest in ALB to the Company's shareholders on the basis of one (1) ALB share for every ten (10) existing shares held in the Company ("Dividend-in-Specie").

The Dividend-in-Specie was approved by the Company's shareholders at the 51st Annual General Meeting held on 21 October 2020 and completed on 4 December 2020 by crediting 23,922,795 ALB shares to the Central Depository System accounts of the Company's shareholders.

The Directors do not recommend the payment of any dividend in respect of the current financial year.

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35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2020.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2021 and 31 May 2020.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to owners of parent. Net debt are calculated as total borrowings and lease liabilities owing to financial institutions net of cash and bank balances.

	Note	Group	
		2021 RM'000	2020 RM'000
Borrowings	24	300,796	322,068
Lease liabilities owing to financial institutions	6	4,439	6,353
Short term deposits with licensed banks	20	(14,970)	(17,090)
Cash and bank balances	20	(90,833)	(80,025)
Net debt		199,432	231,306
Total equity attributable to owners of the parent		362,199	311,707
Gearing ratio		0.55	0.74

Pursuant to the requirements of Practice Note No. 17/2005, of the Bursa Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 May 2021.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

The main risk arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its net investments in overseas subsidiaries and normal trading activities, both external and intra-group, where the currency denomination differs from the functional currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

The net financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

31 May 2021	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	United States Dollar ("USD") RM'000	Vietnamese Dong ("VND") RM'000	Total RM'000
Functional currency					
Trade and other receivables					
United States Dollar	53,671	-	-	-	53,671
Singapore Dollar	1,230	-	2,312	-	3,542
Indonesian Rupiah	-	-	5,920	-	5,920
Japanese Yen	223	-	-	-	223
	55,124	-	8,232	-	63,356
Cash and bank balances					
United States Dollar	14,164	2,467	-	13	16,644
Indonesian Rupiah	-	-	6,607	-	6,607
Ringgit Malaysia	-	-	15	-	15
Singapore Dollar	2,229	-	210	-	2,439
Japanese Yen	491	-	2	-	493
	16,884	2,467	6,834	13	26,198
Borrowings					
United States Dollar	36,657	-	-	-	36,657
Trade and other payables					
United States Dollar	12,603	46	-	22	12,671
Singapore Dollar	52	-	3,656	-	3,708
New Zealand Dollar	20	-	-	-	20
Indonesian Rupiah	-	-	1,905	-	1,905
Ringgit Malaysia	-	-	353	-	353
	12,675	46	5,914	22	18,657
Lease liabilities					
United States Dollar	-	-	-	1,362	1,362
Singapore Dollar	-	-	28,168	-	28,168
Ringgit Malaysia	-	-	1,109	-	1,109
	-	-	29,277	1,362	30,639

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk (continued)**

The net financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows: (continued)

31 May 2020	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	United States Dollar ("USD") RM'000	Vietnamese Dong ("VND") RM'000	Total RM'000
Functional currency					
Trade and other receivables					
United States Dollar	53,830	165	-	-	53,995
Singapore Dollar	628	-	1,081	-	1,709
Indonesian Rupiah	-	-	15,953	-	15,953
Japanese Yen	161	-	-	-	161
	54,619	165	17,034	-	71,818
Cash and bank balances					
United States Dollar	22,394	2,172	-	11	24,577
Indonesian Rupiah	-	-	2,312	-	2,312
Ringgit Malaysia	-	-	39	-	39
Singapore Dollar	1,791	-	1,203	-	2,994
Japanese Yen	732	-	2	-	734
	24,917	2,172	3,556	11	30,656
Borrowings					
United States Dollar	55,142	-	-	-	55,142
Trade and other payables					
United States Dollar	7,936	8	-	23	7,967
Singapore Dollar	168	-	3,993	-	4,161
New Zealand Dollar	3	-	-	-	3
Indonesian Rupiah	-	-	2,754	-	2,754
Hong Kong Dollar	65	-	-	-	65
Ringgit Malaysia	-	-	366	-	366
	8,172	8	7,113	23	15,316
Lease liabilities					
United States Dollar	-	-	-	8,806	8,806
Singapore Dollar	-	-	10,472	-	10,472
Ringgit Malaysia	-	-	2,959	-	2,959
	-	-	13,431	8,806	22,237

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign currencies strengthened or weakened by 3% and exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2021 RM'000 Increase/ (Decrease)	2020 RM'000 Increase/ (Decrease)
Profit after taxation		
RM/USD - strengthen by 3%	424	300
- weaken by 3%	(424)	(300)
VND/USD - strengthen by 3%	(62)	(201)
- weaken by 3%	62	201
USD/SGD - strengthen by 3%	(668)	(278)
- weaken by 3%	668	278
USD/IDR - strengthen by 3%	242	354
- weaken by 3%	(242)	(354)

The Group's profit after taxation is not sensitive to other foreign currencies.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(ii) Interest rate risk**

The Group's exposure to interest rate risk arises mainly from the Group's borrowings, and is managed through the use of fixed and floating rate borrowings and deposits.

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Effective annual interest rate %	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 May 2021					
Fixed rates					
Short term deposits with licensed banks	1.50 - 2.10	14,970	-	-	14,970
Lease liabilities	3.50 - 6.20	15,561	25,070	270	40,901
Floating rates					
Bankers' acceptances	2.44 - 2.50	86,650	-	-	86,650
Bank overdrafts	6.20 - 7.15	9,505	-	-	9,505
Revolving credits	3.00 - 5.18	77,900	19,500	-	97,400
Trust receipts	1.85 - 5.50	49,713	-	-	49,713
Other borrowings	1.14 - 8.25	18,449	16	-	18,465
Term loans	4.50 - 5.20	7,875	31,188	-	39,063
As at 31 May 2020					
Fixed rates					
Short term deposits with licensed banks	1.90 - 3.50	17,090	-	-	17,090
Lease liabilities	3.50 - 6.20	24,126	10,466	522	35,114
Floating rates					
Bankers' acceptances	3.25 - 4.01	79,980	-	-	79,980
Bank overdrafts	6.45 - 7.15	20,259	-	-	20,259
Revolving credits	3.56 - 5.18	76,652	29,000	-	105,652
Trust receipts	2.43 - 5.80	40,201	-	-	40,201
Other borrowings	2.19 - 9.35	24,286	-	-	24,286
Term loans	4.00 - 6.15	9,843	41,591	256	51,690

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(ii) Interest rate risk (continued)**

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (continued)

Company	Effective annual interest rate %	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 May 2021					
Fixed rates					
Amounts owing by subsidiaries	3.50	8,156	-	-	8,156
Amounts owing to subsidiaries	3.50 - 6.25	58,864	-	-	58,864
Floating rates					
Bank overdrafts	6.20 - 7.15	1,654	-	-	1,654
Revolving credits	3.05 - 5.18	32,500	19,500	-	52,000
As at 31 May 2020					
Fixed rates					
Amounts owing by subsidiaries	3.50 - 6.00	2,652	-	-	2,652
Lease liabilities	2.60	116	-	-	116
Amounts owing to subsidiaries	3.50 - 7.50	55,482	-	-	55,482
Floating rates					
Bank overdrafts	6.50 - 7.15	9,883	-	-	9,883
Revolving credits	5.00 - 5.18	26,250	29,000	-	55,250
Term loans	5.00 - 6.15	1,680	-	-	1,680

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(ii) Interest rate risk (continued)**Sensitivity analysis for floating rate instruments

As at 31 May 2021, if there was a variation in interest rates by 10 basis points with all other variables held constant, the Group's and the Company's profit after tax for the financial year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

Effects on profit after tax	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
10 basis point higher	(229)	(245)	(41)	(51)
10 basis point lower	229	245	41	51

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Liquidity risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

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

2021	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	217,987	-	-	217,987
Amounts owing to associates	2,089	-	-	2,089
Lease liabilities	16,795	25,933	277	43,005
Borrowings	252,667	55,769	-	308,436
Total undiscounted financial liabilities	489,538	81,702	277	571,517
Company				
Financial liabilities				
Trade and other payables	2,625	-	-	2,625
Amounts owing to subsidiaries	58,887	-	-	58,887
Borrowings	35,324	20,202	-	55,526
Total undiscounted financial liabilities	96,836	20,202	-	117,038

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(iii) Liquidity risk (continued)**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (continued)

2020	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	154,072	-	-	154,072
Amounts owing to associates	62	-	-	62
Lease liabilities	25,158	11,177	550	36,885
Borrowings	257,172	77,222	266	334,660
Total undiscounted financial liabilities	436,464	88,399	816	525,679
Company				
Financial liabilities				
Trade and other payables	1,474	-	-	1,474
Amounts owing to subsidiaries	56,001	-	-	56,001
Lease liabilities	119	-	-	119
Borrowings	39,236	30,479	-	69,715
Total undiscounted financial liabilities	96,830	30,479	-	127,309

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2020: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(iv) Credit risk (continued)**Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments.

At the end of the reporting period, the Company did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM41,327,000 (2020: RM20,861,000).

37. RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

The Group has related party relationship with its subsidiaries, associates and joint ventures as disclosed in Note 42 to the financial statements, and which Directors have substantial direct/indirect shareholding.

(b) Significant related parties transactions

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group	
	2021	2020
	RM'000	RM'000
Sales to a company in which a Director of the Company have substantial indirect shareholding	8	1,432
Interest income from associates	158	184
Purchases from companies in which certain Directors of the Company have substantial indirect shareholding	1,580	1,958
Purchases from associates	1,934	656
Professional fees paid to firms in which a Director of the Company are Partners	50	69
Rental income from a company in which a Director of the Company have substantial indirect shareholding	257	424

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37. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related parties transactions (continued)

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year: (continued)

	Group	
	2021	2020
	RM'000	RM'000
Sales to associates	347	-
Rental income from associates	901	783
Consultancy fees paid to a company in which a Director of the Company have substantial indirect shareholding	-	266

	Company	
	2021	2020
	RM'000	RM'000
Professional fees paid to firms in which a Director of the Company are Partners	50	69
Purchases from companies in which certain Directors of the Company have substantial indirect shareholding	24	421
Rental income from an associate	42	64
Rental income from a company in which certain Directors of the Company have substantial indirect shareholding	257	424

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fees	1,127	1,260	428	478
Short term employee benefits	15,652	17,802	265	919
Defined contribution plan	1,225	1,400	11	38
Share options granted under ESOS	1,058	-	224	-
Other emoluments	1,287	1,023	20	427
	20,349	21,485	948	1,862

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38. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2021 RM'000	2020 RM'000
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	22,741	2,109
Approved but not contracted for	24,835	39,154
	47,576	41,263

39. CONTINGENT LIABILITIES

	Company	
	2021 RM'000	2020 RM'000
Secured		
Bank guarantees given by financial institutions for trade performance of certain subsidiaries and working capital purpose	3,160	3,607
Unsecured		
Guarantees given to third parties in respect of trade performance of certain subsidiaries	-	240
Guarantees given to financial institutions in respect of credit facilities granted to certain subsidiaries	35,794	52,813
	35,794	53,053
	38,954	56,660

The Group designates guarantees as insurance contracts as defined in MFRS 4 *Insurance Contracts*.

All the above unexpired guarantees were not recognised as the Directors are of the view that the fair value of such guarantees given by the Company is negligible.

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40. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and wages	87,661	90,225	265	919
Defined contribution plan	8,334	10,068	11	38
Provision for retirement benefits	250	513	-	-
Other benefits	2,886	3,003	-	408
Share options granted under ESOS	3,790	-	224	-
	102,921	103,809	500	1,365

Included in the employee benefits of the Group and of the Company are Executive Directors remuneration and other emoluments amounting to RM8,004,000 (2020: RM8,427,000) and RM500,000 (2020: RM1,365,000) respectively.

41. EMPLOYEES' SHARE OPTION SCHEME

At an extraordinary general meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 6 March 2019 ("Duration of the Scheme"). During the financial year, the Company has granted an option under the Scheme and the option is exercisable within a period of five (5) years from the date commencing from 18 December 2020.

The salient features of the Scheme are as follows:

- i. The maximum number of new ordinary shares in the Company which may be available under the Scheme shall not be more than ten per centum (10%) of the issued and fully paid-up share capital (excluding treasury shares) of the Company at any point in time during the Duration of the Scheme;
- ii. Eligible Executive Directors and employees of the Group (excluding Nylex (Malaysia) Berhad ("Nylex"), ALB and dormant subsidiaries) are those who have been confirmed in service on the date of the offer and has attained eighteen (18) years of age or above; and are employed on a continuous full time basis (either permanent or on contract);
- iii. The option price shall be determined by the ESOS Committee of the Company at a discount of not more than ten per centum (10%) from the volume weighted average market price of the Company's shares as quoted on Bursa Securities for the five (5) market days immediately preceding the date of the offer; and
- iv. The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued shall rank pari passu in all respects with the existing ordinary shares of the Company.

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41. EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

Details of the ESOS options granted are as follows:

	Exercise price RM	Balance as at 1.6.2020	← Movement for the financial year →			Balance as at 31.5.2021 [^]	Exercisable as at 31.5.2021
			Granted	Exercised	Forfeited*		
← Number of options over ordinary shares ('000) →							
18 December 2020							
- first tranche	0.765	-	6,080	(1,542)	(5)	4,533	4,533
- second tranche	0.765	-	6,080	-	(66)	6,014	-
- third tranche	0.765	-	8,108	-	(88)	8,020	-
		-	20,268	(1,542)	(159)	18,567	4,533

* Due to resignation.

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares between 30% to 40% per year over vesting period of 2 years.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and assumptions used are as follows:

Fair value of share options granted on 18 December 2020 based on vesting date (RM)

- 18 December 2020	0.34
- 18 December 2021	0.31
- 18 December 2022	0.28
Expected volatility of Company's share price (%)	38.39
Option term (years)	5
Risk free rate of interest per annum (%)	2.11
Expected dividend yield per annum (%)	-

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Details of subsidiaries are as follows:

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Direct:</i>				
Ancom Properties Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
Rhodemark Development Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
Ancom Agrichemical Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
@ HSO Business Systems Sdn. Bhd.	Malaysia	48.0%	48.0%	Dormant
iEnterprise Online Sdn. Bhd.	Malaysia	97.3%	97.3%	Development of IT systems and providing IT related consultancy services
Enthohealth Services Sdn. Bhd. (formerly known as WorldSQL.com Sdn. Bhd.)	Malaysia	100.0%	100.0%	Dormant
Jirnexu Advisory Sdn. Bhd.	Malaysia	-	100.0%	Development of IT systems and providing IT related consultancy services
* Ancom Components Sdn. Bhd.	Malaysia	66.7%	66.7%	Manufacturing and marketing of low voltage switchgear
Redberry Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding and provision of media advertising
Redberry Holdings Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
Ancom Management Services Sdn. Bhd.	Malaysia	100.0%	100.0%	Provision of management services
Genovasi Malaysia Sdn. Bhd.	Malaysia	60.0%	60.0%	Provide education, training, advisory and consulting services
Synergy Tanker Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
Ancom Power Solutions Sdn. Bhd. (formerly known as Kenanga Sepadu Sdn. Bhd.)	Malaysia	100.0%	-	Dormant
<i>Indirect:</i>				
Ancom Crop Care Sdn. Bhd.	Malaysia	100.0%	100.0%	Manufacture and marketing of agricultural chemical products
Ancom Bioscience Sdn. Bhd.	Malaysia	100.0%	100.0%	Trading of agricultural chemical products

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Indirect: (continued)</i>				
Polytensides Sdn. Bhd.	Malaysia	100.0%	100.0%	Manufacture and sale of agricultural chemical products
Ancom Energy & Services Sdn. Bhd.	Malaysia	66.7%	66.7%	Marketing of low voltage switchgear
Timber Preservatives Sdn. Bhd.	Malaysia	100.0%	100.0%	Manufacture and distribution of timber and preservatives related chemical products
Kemcom Sdn. Bhd.	Malaysia	100.0%	-	Manufacture and sale of wood preservatives
Ancom Nutrifoods Sdn. Bhd.	Malaysia	100.0%	100.0%	General trading and investment holding
* Ancom do Brasil Ltda	Brazil	99.9%	99.9%	Dormant. Holder of licenses for certain agricultural chemical products
* Ancom Australia Pty. Ltd.	Australia	100.0%	100.0%	Dormant. Holder of licenses for certain agricultural chemical products
* Malancom Agrochemicals (Pte) Limited	South Africa	100.0%	100.0%	Dormant. Holder of licenses for certain agricultural chemical products
* ChemResources China (Agencies) Limited	Hong Kong	100.0%	100.0%	Trading of chemical products
Entopest Environmental Services Sdn. Bhd.	Malaysia	90.0%	90.0%	Provision of pest control, hygiene and sanitation services
Entopest Environmental Services (PG) Sdn. Bhd.	Malaysia	81.0%	90.0%	Provision of pest control, hygiene and sanitation services
PT Entopest Environmental Services	Indonesia	60.3%	60.3%	Dormant
(a) Airefresh Industries (M) Sdn. Bhd	Malaysia	18.0%	-	Manufacture, distribution, merchandise and sale of air fresh products
Airefresh Marketing Sdn. Bhd.	Malaysia	72.0%	-	General trading.
Common Feed Sdn. Bhd.	Malaysia	100.0%	100.0%	Trading of animal feed products

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Indirect: (continued)</i>				
Vanguard Express Sdn. Bhd.	Malaysia	100.0%	100.0%	Freight and logistics services
Ⓓ Redberry Media Sdn. Bhd.	Malaysia	46.6%	49.0%	Provision of media related services
Redberry Outdoors Sdn. Bhd.	Malaysia	85.5%	90.0%	Provision of outdoor and transit advertising
Redberry Solutions Sdn. Bhd.	Malaysia	51.0%	51.0%	Dormant
Wheel Sport Management Sdn. Bhd.	Malaysia	77.0%	77.0%	Promoters and organiser of motor sports and to buy, sell and deal in all kinds of motors
Redberry Contact Center Sdn. Bhd.	Malaysia	100.0%	100.0%	Providing call centre services
Redberry Events Sdn. Bhd.	Malaysia	90.0%	90.0%	Dormant
Redberry Screens Sdn. Bhd.	Malaysia	100.0%	100.0%	Provision of digital advertising
Digital Showcase Sdn. Bhd.	Malaysia	95.0%	100.0%	Investment holding
Redberry Ambient Sdn. Bhd.	Malaysia	70.2%	73.9%	Provision of digital and cinema advertising
* Redberry Animation Sdn. Bhd.	Malaysia	51.0%	51.0%	Dormant
Redberry Advertising Sdn. Bhd.	Malaysia	95.0%	100.0%	Provision of digital advertising
Ten Plus Resources Sdn. Bhd.	Malaysia	85.5%	90.0%	Dormant
Twinstar Synergy Sdn. Bhd.	Malaysia	100.0%	100.0%	Printing of newspapers, journals, magazines, books and other literary works
Redberry Retail Sdn. Bhd.	Malaysia	70.0%	70.0%	Provision of digital advertising
GOP Sdn. Bhd. (formerly known as KHK Media Sdn. Bhd.)	Malaysia	-	100.0%	Dormant
^# Nylex (Malaysia) Berhad	Malaysia	50.3%	50.3%	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage system and property development

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Indirect: (continued)</i>				
Nylex Polymer Marketing Sdn. Bhd.	Malaysia	50.3%	50.3%	Marketing of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets, geosynthetic and general trading
PT Nylex Indonesia	Indonesia	50.3%	50.3%	Manufacture, marketing and distribution of PVC and PU leathercloth
Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	50.3%	50.3%	Trading in petrochemicals and industrial chemicals
Fermpro Sdn. Bhd.	Malaysia	50.3%	50.3%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
Kumpulan Kesuma Sdn. Bhd.	Malaysia	50.3%	50.3%	Manufacture and marketing of sealants and adhesive products
Wedon Sdn. Bhd.	Malaysia	50.3%	50.3%	Marketing of sealants and adhesive products
Ⓐ Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	25.7%	25.7%	Manufacture and sale of chemicals
ALB Marine Sdn. Bhd.	Malaysia	50.3%	50.3%	Carrying out business of ship owning, ship management and charter hire of tanker
Nycon Manufacturing Sdn. Bhd.	Malaysia	50.3%	50.3%	Dormant
* Dynamic Chemical Pte. Ltd.	Singapore	50.3%	50.3%	Blending, trading and distribution of industrial chemicals
Ⓐ Ancom Kimia Sdn. Bhd.	Malaysia	30.0%	30.0%	Distribution of petrochemicals and industrial chemicals
* CKG Chemicals Pte. Ltd.	Singapore	50.3%	50.3%	Trading and distribution of industrial chemicals and gasoline blending components

Notes to the Financial Statements

31 May 2021

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Indirect: (continued)</i>				
Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	50.3%	50.3%	Manufacture and sale of phosphoric acid
* Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	50.3%	50.3%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
@ PT PKG Lautan Indonesia	Indonesia	25.7%	25.7%	Importation and distribution of industrial chemicals
##@ Ancom Logistics Berhad	Malaysia	34.0%	45.1%	Investment holding
@ Synergy Trans-Link Sdn. Bhd.	Malaysia	34.0%	45.1%	Investment holding
@ Ancom-Chemquest Terminals Sdn. Bhd.	Malaysia	17.3%	23.0%	Build, own, operate, lease and manage chemical tank farm and warehouse
@ Pengangkutan Cogent Sdn. Bhd.	Malaysia	34.0%	45.1%	Providing transportation and related services
@ Hikmat Ikhlas Sdn. Bhd.	Malaysia	35.0%	15.8%	Dormant
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding, dealing in and subletting of properties
* Wandeerfull Industries Sdn. Bhd.	Malaysia	100.0%	100.0%	Property investment
* Syarikat Wandeerfull (Kg Attap) Sdn. Bhd.	Malaysia	100.0%	100.0%	Property investment
Genovasi Malaysia DT Sdn. Bhd.	Malaysia	60.0%	60.0%	Dormant
Genovasi University College Sdn. Bhd.	Malaysia	60.0%	60.0%	Dormant
* Pureplay Interactive Sdn. Bhd.	Malaysia	100.0%	100.0%	Dormant

(b) Details of associates are as follows:

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Direct:</i>				
* iSpring Capital Sdn. Bhd.	Malaysia	42.0%	42.0%	Dormant

Notes to the Financial Statements

31 May 2021

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Details of associates are as follows: (continued)

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Direct: (continued)</i>				
* Jirnexu Pte. Ltd.	Singapore	22.4%	22.4%	Investment holding
MSTi Corporation Sdn. Bhd.	Malaysia	20.0%	20.0%	Trading of computer hardware and software and rendering of IT related consultancy services
<i>Indirect:</i>				
* Ancom Philippines Inc.	Philippines	39.6%	39.6%	Dormant. Holder of licenses for certain agricultural chemical products
* Tamco Chongqing Switchgear Company Limited	China	16.6%	22.1%	Under voluntary liquidation
* ActMedia (M) Sdn. Bhd.	Malaysia	30.0%	30.0%	Advertising media design and production
<*> Durian FM Sdn. Bhd.	Malaysia	50.0%	50.0%	Dormant
* Puncak Berlian Sdn. Bhd.	Malaysia	30.0%	30.0%	Investment holding
* Retromark Solutions Sdn. Bhd.	Malaysia	-	15.1%	Marketing, promoting, distribution and supporting petrochemical and petroleum related products including industrial chemicals
* One Chem Terminal Sdn. Bhd.	Malaysia	20.1%	20.1%	To operate, lease and manage chemical tank farm and warehouse
* Advanced Technology Studies Centre Sdn. Bhd.	Malaysia	32.4%	32.4%	Promoting knowledge and skills development in IT
* DJ Money Matters Sdn. Bhd.	Malaysia	37.6%	37.6%	Money lending business
* Jasa Rimbun Sdn. Bhd.	Malaysia	25.1%	-	Marketing and distribution of industrial chemical
* PT Mynindo Acqua Pura	Indonesia	15.1%	-	Developing high technology products, in particular micro water treatment and waste treatment

Notes to the Financial Statements

31 May 2021

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Details of the joint ventures are as follows:

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2021	2020	
<i>Indirect:</i>				
* Senandung Sonik Sdn. Bhd.	Malaysia	24.5%	25.5%	Holder of radio license
* TeaFM Radio Sdn. Bhd.	Malaysia	14.7%	15.3%	Internet radio broadcasting
* <i>Not audited by BDO PLT or BDO Member Firms.</i>				
^ <i>Percentage shareholding computed based on the number of ordinary shares in issue after deduction of the treasury shares of Nylex.</i>				
@ <i>The Group considers that it controls these subsidiaries even though it owns less than 50% of voting rights. This is because the Group is the single largest shareholder of these companies. Since the date of acquisition of these subsidiaries, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.</i>				
# <i>The financial statements of Nylex were consolidated as a subsidiary as the Group has control over the Board of Nylex.</i>				
## <i>The financial statements of ALB were consolidated as a subsidiary as the Group has power to govern the financial and operating policies of ALB under a statute or an agreement.</i>				
<> <i>As at the date of this report, the associate has been struck off the register pursuant to Section 550 of the Companies Act 2016.</i>				

43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**43.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

Notes to the Financial Statements

31 May 2021

43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**43.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

Notes to the Financial Statements

31 May 2021

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO to the date of this report.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next 12 months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

- (b) On 14 May 2020, the Company has proposed to undertake the following:
- (i) proposed private placement of up to 10% of the total number of issued shares of Ancom (excluding treasury shares) ("Proposed Private Placement"); and
 - (ii) proposed an issuance of up to 66,233,553 free warrants in Ancom ("Warrants B") on the basis of one (1) warrant B for every four (4) existing ordinary shares in Ancom ("Ancom Shares") held on an entitlement date to be determined and announced later ("Proposed Free Warrants Issue").

Proposed Private Placement

The Company has further announced on 28 May 2020 that Bursa Securities had, via its letter dated 27 May 2020, approved the listing and quotation of up to 24,084,928 Placement shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, subject to the conditions set out in the Bursa Securities' letter.

On 3 June 2020, the Company announced that the issue price for the 1st tranche of the Proposed Private Placement ("1st tranche") has been fixed at RM0.71 per Placement Share and will comprise up to 12,100,000 Placement Shares.

On 17 June 2020, the 1st tranche of the placement of 12,100,000 Placement Shares has been issued and listed on the Main Market of Bursa Securities pursuant to the Proposed Private Placement.

The proposed private placement is valid for 6 months from 27 May 2020 and is expired on 26 November 2020.

Proposed Free Warrants Issue

The Company has further announced on 7 July 2020 that Bursa Securities had, via its letter dated 6 July 2020, resolved to approve the following:

- (i) admission to the Official List and the listing and quotation of up to 66,223,553 Warrants B to be issued pursuant to the Proposed Free Warrants Issue; and
- (ii) listing and quotation of up to 66,223,553 new Ancom Shares to be issued arising from the exercise of Warrants B.

on the Main Market of Bursa Securities, subject to the conditions set out in the Bursa Securities' letter.

At the Extraordinary General Meeting of the Company held on 12 August 2020, shareholders of the Company had approved the Proposed Free Warrants Issue.

On 18 September 2020, the company announced that the Proposed Free Warrants Issue has been completed following the listing and quotation of 59,878,790 free Warrants B on the Main Market of Bursa Securities.

Notes to the Financial Statements

31 May 2021

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONTINUED)

- (c) The Company had on 16 July 2020 announced that the Company and its subsidiary, ALB, had entered into a Heads of Agreement (“HOA”) with S7 Holdings Sdn. Bhd. (“S7”), Merrington Assets Limited (“MAL”), MY E.G. Capital Sdn. Bhd. (“MYEG Capital”) and Avocat Sdn. Bhd. (“Avocat”) for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as “Vendors” and ALB, Ancom and Vendors shall be collectively referred to as “Parties”)

- (i) Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. (Company No.: LL14071) (“S5”) from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB (“ALB Shares”) based on RM0.10 per share (“Consideration Shares”) to the Vendors (“Proposed Acquisition”);
- (ii) Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition (“Proposed Mandatory General Offer”);
- (iii) Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition (“Proposed Private Placement of ALB”);
- (iv) Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors (“Proposed Offer for Sale”); and
- (v) Proposed disposal by ALB of its subsidiaries, namely Synergy Trans-Link Sdn. Bhd., Ancom-Chemquest Terminals Sdn. Bhd. and Pengangkutan Cogent Sdn. Bhd., to Nylex, a 50.25% subsidiary of Ancom, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later (“Proposed Disposal”). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

(Proposed Acquisition, Proposed Mandatory General Offer, Proposed Private Placement, Proposed Offer for Sale and Proposed Disposal shall be collectively be referred to as “Proposals”)

Further to the announcement dated 16 July 2020, ALB entered into an Offer to Purchase Agreement (“OTP”) with S7 whereby S7 agreed to deal exclusively with ALB for sale its 901,321,377 ordinary shares representing 76.38% of the entire issued and paid-up share capital of S5 and to permit ALB, its advisers, solicitors, and accountants to conduct due diligence on S5 and its subsidiaries. ALB placed a refundable deposits of RM10,000,000 with S7 on execution of the OTP. ALB and S7 entered into the OTP pending the Parties entering into Share Sale Agreements for the sale of all the shares of S5 to ALB.

The transactions have not been completed as at the date of this report. Upon completion of the Proposals, ALB shall cease to be a subsidiary of Ancom.

- (d) On 18 December 2020, the Company offered and granted 20,268,000 units of ESOS options under the existing ESOS scheme to eligible employee of the Group with an exercise price of RM0.765.

During the financial year, 1,542,188 share options were exercised at exercise prices of RM0.765 as disclosed in Note 22 to the financial statements.

- (e) Ancom had on 28 April 2021 announced that the Company submitted a formal proposal to the Board of Directors of Nylex (“Nylex Board”) to acquire all the assets and liabilities of Nylex (“the Offer”), the Offer entails the acquisition by Ancom for all the business of Nylex for a total consideration of RM179,287,212 (“Proposed Acquisitions of Nylex Business”).

On 28 June 2021, Nylex Board (save for Dato’ Siew Ka Wei, being an interested director) has accepted the Offer, subject to, among others, the approvals of the non-interested shareholders of Nylex and the relevant regulatory authorities, where required.

Ancom and its wholly owned subsidiary, Nylex Holdings Sdn. Bhd., had on 29 July 2021, entered into the Sale of Business Agreement with Nylex in respect of the Proposed Acquisition of Nylex Business.

Additional Compliance Information

Audit and Non-audit Fee

The disclosure on audit fee and non-audit fee paid or payable to the External Auditors of the Company in the financial year is in Page 68 of this Annual Report.

Utilisation of Proceeds

(a) Private Placement

During the financial year, the Company completed a private placement of 12,100,000 new ordinary shares ("Placement Shares") at a price of RM0.71 per share, raising a total gross proceeds of RM8,591,000 and the utilisation status are as follows:

	Intended time frame for the utilisation of proceeds (from the date of listing of Placement Shares) RM'000	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000
Construction of new production plant	Within one (1) year	8,211	8,211	-
Estimated expenses in relation to the Proposed Private Placement	31.12.2013	380	62	318*
		8,591	8,273	318

* The surplus from the proceeds had been utilised for general working capital.

(b) Warrants 2020-2025 ("Warrant B")

The Company has completed bonus issue of 59,878,790 free Warrants B on the basis of one (1) Warrant B for every four (4) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 18 September 2020.

As at the date of this report, 59,878,790 Warrants B remained unexercised.

Employees' Share Option Scheme ("ESOS")

At an extraordinary general meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten percent (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 6 March 2019.

Details of the ESOS options granted, exercise and forfeited during the financial year are as follows:

	For the financial year ended 31 May 2021				Outstanding options as at 31.5.2021 ('000)
	Outstanding options as at 1.6.2020 ('000)	Options granted ('000)	Options exercised ('000)	Options forfeited* ('000)	
All eligible Executive Directors and employees	-	20,268**	(1,542)	(159)	18,567
Executive Director and Chief Executive	-	2,400**	(360)	-	2,040

* Due to resignation.

** At an exercise price of RM0.765 per share.

Additional Compliance Information

Employees' Share Option Scheme ("ESOS") (continued)

In accordance with the Company's ESOS By-Laws, not more than sixty percent (60%) of the Company's ordinary shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the Group. During the financial year ended 31 May 2021, the Company has granted twenty nine percent (29%) of ESOS options to the Directors and senior management of the Group.

During the financial year, there was no option offered or granted to Non-Executive Directors.

Recurrent Related Party Transactions ("RRPTs")

The aggregate value of RRPTs made during the financial year, pursuant to the shareholders' mandate obtained at the 51st Annual General Meeting of the Company, is as follows:

Related Party	Transacting Parties for RRPTs	Nature of RRPTs	Value of RRPTs (RM'000)	Interested directors, major shareholders and connected persons
Malay Mail Sdn. Bhd. ("MMSB")	The Company and its subsidiaries ("Ancom Group")	Provision of advertising space in the newspaper and other media channels by MMSB to Ancom Group	1,493	<ul style="list-style-type: none"> • Dato' Siew Ka Wei • Datin Young Ka Mun • Siew Ka Kheong • Quek Lay Kheng • Siew Nim Chee & Sons Sdn. Bhd. • Silver Dollars Sdn. Bhd.

Material Contracts Involving Directors'/Chief Executive Officer's/Major Shareholders' Interests

There were no material contracts (other than the RRPTs contracts which were contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involves the interest of Directors, chief executive officer (who is not a Director) and major shareholders, either still subsisting at the end of the financial year ended 31 May 2021 or entered into since the end of the previous financial year.

List of Top Ten Properties

	Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2021 (RM'000)	Date of Acquisition / Revaluation
1.	Nylex (Malaysia) Berhad	H.S.(D) 256546, Lot 16, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 87 years <i>(Expiring on 29 June 2108)</i>	3.02 hectares	Office building and factory Age of buildings: approximately 50 years	28,501	5 May 2011
		H.S.(D) 256546, Lot 16, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 87 years <i>(Expiring on 29 June 2108)</i>	1.21 hectares	Warehouse, factory and vacant land Age of buildings: approximately 41 years		
2.	Ancom Berhad	H.S.(D) 259800, No. 2A, Jalan 13/2, Petaling Jaya, Selangor	Unexpired leasehold interest of 87 years <i>(Expiring on 21 October 2108)</i>	1.31 hectares	Office and factory buildings Age of buildings: approximately 35 to 46 years	26,268	7 April 2011
3.	Ancom Crop Care Sdn. Bhd.	PN 77684, Lot 5, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 87 years <i>(Expiring on 15 July 2108)</i>	2.22 hectares	Office and factory buildings Age of buildings: approximately 51 years	13,586	11 May 2011
4.	PT Nylex Indonesia	HGB No. 82, Desa Sumengko Km31, Wringinanom, Gresik 61176 Indonesia	Unexpired leasehold interest of 8 years <i>(Expiring on 12 January 2029)</i>	0.64 hectares	Casting line factory and office Age of buildings: approximately 17 years	11,697	12 May 2011
		HGB No. 82, Desa Sumengko Km31, Wringinanom, Gresik 61176 Indonesia	Unexpired leasehold interest of 8 years <i>(Expiring on 12 January 2029)</i>	5.36 hectares	Calendar line factory and vacant land Age of buildings: approximately 7 years		
5.	Ancom-Chemquest Terminals Sdn. Bhd.	Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang, Selangor	Unexpired lease period of 3 years <i>(Expiring on 31 August 2024)</i>	9.8 acres	Tank farm, office and warehouse Age of buildings: approximately 24 years	11,286	N/A

List of Top Ten Properties

	Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2021 (RM'000)	Date of Acquisition / Revaluation
6.	Perusahaan Kimia Gemilang Sdn. Bhd.	H.S.(M) 6259, PT 4228, Mukim of Kapar, Daerah Klang, Selangor	Unexpired leasehold interest of 65 years <i>(Expiring on 9 June 2086)</i>	2.85 hectares	Office building and factory Age of building: approximately 30 years	8.230	7 April 2011
7.	Ancom Crop Care Sdn. Bhd.	P.T. 4227, Mukim of Kapar, Daerah Klang, Selangor	Unexpired leasehold interest of 65 years <i>(Expiring on 9 June 2086)</i>	2.52 hectares	Office and factory buildings Age of buildings: approximately 30 years	7.792	30 March 2011
8.	Nylex (Malaysia) Berhad	Unit No: 7-10, Wisma 730 (The Trax) No: 1, Jalan Lima, Off Jalan Chan Sow Lin, 54200 Kuala Lumpur	Unexpired leasehold interest of 94 years <i>(Expiring on 1 March 2115)</i>	0.10 hectares	Vacant	6,583	12 September 2019
9.	Nylex Specialty Chemicals Sdn. Bhd.	H.S.(M) 5507, Lot 593, Persiaran Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Port Klang, Selangor Darul Ehsan	Unexpired leasehold interest of 53 years <i>(Expiring on 1 September 2074)</i>	0.81 hectares	Office building and factory Age of buildings: approximately 46 years	3,010	25 April 2011
10.	Pengangkutan Cogent Sdn. Bhd.	PTD 149227, Jalan Berjaya 7, Taman Perindustrian Berjaya, Daerah Johor Bahru, Johor	Freehold	0.61 hectares	Office building Age of building: approximately 12 years	2,912	2010

Analysis of Shareholdings

As at 3 September 2021

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Ordinary shares ("Shares")
 Total no. issued : 256,117,342
 No. of holders : 7,726
 Voting rights : One vote per Share on a poll

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	2,066	61,122	0.025
100 to 1,000	735	329,667	0.135
1,001 to 10,000	3,763	13,956,539	5.714
10,001 to 100,000	988	26,162,651	10.712
100,001 to less than 5% of issued Shares	172	140,081,884	57.354
5% and above of issued Shares	2	63,650,420	26.060
	7,726	244,242,283	100.000
Treasury shares	-	11,875,059	-
	7,726	256,117,342	100.000

SHAREHOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Substantial Holders</u>				
Dato' Siew Ka Wei	30,382,320	12.439	22,556,221 ^(a)	9.235
Chan Thye Seng	-	-	47,077,140 ^(b)	19.275
Pacific & Orient Berhad	35,065,775	14.357	11,648,365 ^(c)	4.769
Siew Ka Kheong	660,000	0.270	16,217,185 ^(d)	6.640
Siew Nim Chee & Sons Sdn. Bhd.	15,992,185	6.548	-	-
<u>Directors</u>				
Dato' Siew Ka Wei	30,382,320	12.439	22,556,221 ^(a)	9.235
Chan Thye Seng	-	-	47,077,140 ^(b)	19.275
Siew Ka Kheong (alternate to Dato' Siew Ka Wei)	660,000	0.270	16,217,185 ^(d)	6.640
<u>Group CEO</u>				
Lee Cheun Wei	11,118,480	4.552	-	-

Notes:

- (a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd., Siew Nim Chee & Sons Sdn. Bhd., Datin Young Ka Mun and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn. Bhd. and Tan Soo Leng.
- (c) Deemed interested by virtue of its direct interests in Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.
- (d) Deemed interested by virtue of his direct and indirect interests held through Siew Nim Chee & Sons Sdn. Bhd. and Quek Lay Kheng.

Analysis of Shareholdings

As at 3 September 2021

THIRTY LARGEST HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	28,584,645	11.703
2. Pacific & Orient Berhad	18,080,937	7.403
3. Pacific & Orient Berhad	10,140,790	4.152
4. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sdn. Bhd.	8,638,250	3.537
5. Lee Cheun Wei	7,738,880	3.169
6. Lim Chin Tong	7,700,000	3.153
7. CimSec Nominees (Tempatan) Sdn. Bhd. - CIMB for Pacific & Orient Insurance Co. Berhad (PB)	5,932,165	2.429
8. Pacific & Orient Berhad	5,657,478	2.316
9. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn. Bhd. (01-00195-001)	4,907,448	2.009
10. Yap Ai Toi	4,131,000	1.691
11. HLB Nominees (Tempatan) Sdn. Bhd. - E & O Developers Sdn. Bhd. (PJCAC)	4,008,138	1.641
12. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	3,379,600	1.384
13. RHB Nominees (Tempatan) Sdn. Bhd. - Nicholas Tan Jo-Han	3,272,900	1.340
14. Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	3,235,900	1.325
15. Pacific & Orient Insurance Co. Berhad	3,216,200	1.317
16. Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn. Bhd. (01-00198-001)	3,200,451	1.310
17. Lim Chiat Juin	3,099,300	1.269
18. Maybank Securities Nominees (Tempatan) Sdn. Bhd. - One IFC Residence Sdn. Bhd	2,600,000	1.065
19. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Cha Shuh Yi	2,500,000	1.024
20. Lau Sam Siong	2,500,000	1.024
21. Pacific & Orient Insurance Co. Berhad	2,500,000	1.024
22. TA Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sendirian Berhad	2,446,487	1.002
23. RHB Nominees (Tempatan) Sdn. Bhd. - Gan Sook Peng	2,333,200	0.955
24. Tai Mee Yin	2,311,170	0.946
25. HLB Nominees (Tempatan) Sdn. Bhd. - Eastern & Oriental Berhad (PJCAC)	2,004,069	0.821
26. Silver Dollars Sdn. Bhd.	2,000,000	0.819
27. AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Cha Shuh Yi (6000680)	1,975,800	0.809
28. Maybank Nominees (Tempatan) Sdn. Bhd. - Mak Hon Leong	1,848,300	0.757
29. Cartaban Nominees (Tempatan) Sdn. Bhd. - CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2	1,728,800	0.708
30. Hasnul Bin Hassan	1,727,000	0.707
Total	153,398,908	62.806

Analysis of Warrant Holdings

As at 3 September 2021

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Warrants B ("WB")
 Total no. issued : 59,878,790
 Total no. outstanding : 59,878,790
 Exercise price per WB : RM0.84

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	2,386	46,129	0.077
100 to 1,000	2,567	1,455,823	2.431
1,001 to 10,000	1,480	4,587,216	7.661
10,001 to 100,000	202	5,678,402	9.483
100,001 to less than 5% of issued WB	68	31,370,572	52.390
5% and above of issued WB	3	16,740,648	27.958
	6,706	59,878,790	100.000

WB HOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Directors</u>				
Dato' Siew Ka Wei	9,223,154	15.403	4,397,157 ^(a)	7.343
Chan Thye Seng	-	-	7,624,533 ^(b)	12.733
Siew Ka Kheong (alternate to Dato' Siew Ka Wei)	100,000	0.167	2,997,045 ^(c)	5.005
<u>Group CEO</u>				
Lee Cheun Wei	4,897,370	8.178	-	-

Notes:

- (a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd., Siew Nim Chee & Sons Sdn. Bhd., Siew Ka Kheong and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.
- (c) Deemed interested by virtue of his direct and indirect interests held through Siew Nim Chee & Sons Sdn. Bhd. and Quek Lay Kheng.

Analysis of Warrant Holdings

As at 3 September 2021

THIRTY LARGEST WB HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	8,868,736	14.811
2. Lee Cheun Wei	3,159,470	5.276
3. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Wah Yow	2,160,400	3.608
4. Lim Chin Tong	1,925,000	3.215
5. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	1,737,900	2.902
6. TA Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sendirian Berhad	1,671,183	2.791
7. Pacific & Orient Berhad	1,520,234	2.539
8. Cimsec Nominees (Tempatan) Sdn. Bhd. - CIMB for Pacific & Orient Insurance Co. Berhad	1,483,041	2.477
9. Pacific & Orient Insurance Co. Berhad	1,429,050	2.387
10. Pacific & Orient Berhad	1,414,369	2.362
11. Pacific & Orient Berhad	1,404,897	2.346
12. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn. Bhd. (01-00195-001)	1,226,862	2.049
13. Maybank Nominees (Tempatan) Sdn. Bhd. - Chew Kuan Fah	1,042,300	1.741
14. Yap Ai Toi	1,006,050	1.680
15. HLB Nominees (Tempatan) Sdn. Bhd. - E & O Developers Sdn Bhd (PJCAC)	1,002,034	1.673
16. Lee Kok Meng	933,525	1.559
17. Tai Mee Yin	895,967	1.496
18. Gan Sock Peng	890,300	1.487
19. Silver Dollars Sdn. Bhd.	800,000	1.336
20. Malaysia Securities Nominees (Tempatan) Sdn. Bhd. - Chew Wan Kay	650,000	1.086
21. RHB Nominees (Tempatan) Sdn. Bhd. - Nicholas Tan jo-Han	637,475	1.065
22. Maybank Nominees (Tempatan) Sdn. Bhd. - Sailendra A/L V.Kanagasundram	530,000	0.885
23. HLB Nominees (Tempatan) Sdn. Bhd. - Eastern & Oriental Berhad	501,017	0.837
24. Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn. Bhd. (01-00198-001)	500,112	0.835
25. Yap Chee Hong	423,317	0.707
26. Goh Siok Ling	410,000	0.685
27. Maybank Nominees (Tempatan) Sdn. Bhd. - Ong Thai Guan	390,000	0.651
28. Pacific & Orient Berhad	372,942	0.623
29. Lim Chiat Juin	370,000	0.618
30. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	354,418	0.592
Total	39,710,599	66.318

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 52nd Annual General Meeting (“**AGM**”) of the Company will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) on Tuesday, 26 October 2021 at 2.30 p.m. using remote participation and voting facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. via TIH Online website at <https://tiah.online>, to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who are retiring by rotation pursuant to Clause 125 of the Company’s Constitution:
 - (i) Tan Sri Dato’ Seri Abdull Hamid Bin Embong **[Ordinary Resolution 1]**
 - (ii) Chan Thye Seng **[Ordinary Resolution 2]**
3. To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2021. **[Ordinary Resolution 3]**
4. To approve the payment of Directors’ benefits (excluding Non-Executive Directors’ fees) for the Non-Executive Directors from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. **[Ordinary Resolution 4]**
5. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 5]**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification(s), to pass the following resolutions:

6. **PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF A REVENUE OR TRADING NATURE** **[Ordinary Resolution 6]**

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 30 September 2021, provided that such transactions are necessary for the Group’s day-to-day operations and carried out in the ordinary course of business at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

Notice of Annual General Meeting

THAT the authority conferred by this mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at that Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the Company’s shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Directors may consider expedient or necessary or in the best interest of the Company to give effect to this resolution.”

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK MANDATE**

[Ordinary Resolution 7]

“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company (“Share Buy-Back Mandate”) provided that:

- (i) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (iii) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees’ share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

Notice of Annual General Meeting

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the Company’s shareholders in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and all other applicable laws, guidelines, rules and regulations issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company.”

8. **PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

[Ordinary Resolution 8]

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”), the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed twenty percent (20%) of the total number of the issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 20% General Mandate”).

THAT such approval for the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

Notice of Annual General Meeting

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a twenty percent (20%) limit to a ten percent (10%) limit pursuant to Paragraph 6.03 of the Listing Requirements of Bursa Securities provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval for the Proposed 10% General Mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- (iii) revoked or varied by a resolution passed by the Company's shareholders in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter referred to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors deem fit and expedient in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including executing such documents as may be required), deeds and things in relation to the Proposed General Mandate."

9. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

- (i) "THAT approval be and is hereby given to Tan Sri Dato' Dr Lin See Yan, who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company until the conclusion of the next Annual General Meeting."
- (ii) "THAT approval be and is hereby given to Edmond Cheah Swee Leng, who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company until the conclusion of the next Annual General Meeting."

[Ordinary Resolution 9]

[Ordinary Resolution 10]

Notice of Annual General Meeting

10. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board,

CHOO SE ENG (MIA 5876)
WONG WAI FOONG (MAICSA 7001358)

Company Secretaries

Petaling Jaya
30 September 2021

NOTES:

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. **Members will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide for Shareholders available on the Company's website at <http://www.ancom.com.my/agm.php> on registration, participation and voting at the AGM.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 18 October 2021 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the AGM.
3. A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or any adjourned meeting at which the person named in the appointment proposes to vote:
 - i. In hardcopy form
Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. By electronic means via Tricor TIIH Online website at <https://tiih.online>
Please follow the procedure as set out in the Administrative Guide for Shareholders for the electronic submission of Proxy Form via TIIH Online.
7. For appointment of an attorney by a Power of Attorney, the Power of Attorney must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before the time appointed for holding the AGM or any adjourned meeting at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Notice of Annual General Meeting

8. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before the time appointed for holding the AGM or any adjourned meeting at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
 - i. If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
 - ii. If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, one of whom shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
9. A member who has appointed a proxy or attorney or authorised representative to participate in the AGM must request his/her proxy or attorney or authorised representative to register himself/herself for the remote participation and voting facilities (RPV) at the Share Registrar's TIIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 May 2021

This Agenda item is meant for discussion only. The provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

2. Ordinary Resolution 3 – Non-Executive Directors' Fees

Pursuant to Section 230(1) of the Companies Act 2016, the Directors' fees and benefits payable to the Directors of the listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors is recommending to the shareholders to approve the fees payable to the Non-Executive Directors by the Company amounting to RM427,500 and by the Group amounting to RM778,645 for the financial year ended 31 May 2021.

3. Ordinary Resolution 4 – Directors' Benefits

The Directors' benefits comprise the meeting attendance allowance and other benefits (car, fuel, driver, allowance and other emoluments) payable to the Non-Executive Directors ("NEDs").

In determining the estimated total amount of benefits (excluding Directors' fees) for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees as well as the number of Directors involved. The Board is recommending to the shareholders for approval of the Directors' benefits payable to the NEDs of up to RM120,000 from the date of the forthcoming AGM until the next AGM of the Company. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next AGM for the shortfall.

Notice of Annual General Meeting

4. Ordinary Resolution 6 – Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with new related parties in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders’ approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company’s Circular to Shareholders dated 30 September 2021.

5. Ordinary Resolution 7 – Proposed Renewal of Authority for Share Buy-Back Mandate

The proposed resolution, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

Further details relating to this proposed resolution are set out in the Company’s Statement to Shareholders dated 30 September 2021.

6. Ordinary Resolution 8 – Proposed Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the Company for the time being up to 31 December 2021 for such purposes as the Directors consider would be in the best interest of the Company (“20% General Mandate”). With effect from 1 January 2022, the 20% General Mandate will be reinstated to a ten percent (10%) limit according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This is a renewal of the mandate obtained from the shareholders at the last AGM held on 21 October 2020 to allot up to a maximum of twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company (“Previous Mandate”). As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate.

This mandate is to provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company, without the need to convene separate general meeting to obtain shareholders’ approval so as to avoid incurring additional costs and time.

The Board, having considered the current and prospective financial positions of the Company, is of the view that this mandate is in the best interest of the Company and its shareholders to ensure long term sustainability of the Company.

Notice of Annual General Meeting

7. Ordinary Resolutions 9 and 10 – Proposed Continuation in Office as Independent Directors

Both Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng have served as Independent Directors of the Company for a cumulative term of more than twelve (12) years. The Board had, through the Remuneration and Nomination Committee, conducted the necessary assessment and recommended them to continue in office as Independent Directors of the Company based on the following justifications:

- (i) they fulfill the criteria as Independent Directors as per the definitions stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Board is satisfied that they have demonstrated conducts and behaviour that are essential indicators of independence, and they have acted in a manner that provided the necessary check and balance in the best interest of the Company;
- (ii) they have in depth understanding of the Group's business operations which enable them to participate actively during deliberations or discussions at the Board and Board Committee meetings; and
- (iii) they have given time commitment to attend the Company's meetings and have carried out their professional duties in the best interest of the Company.

The profiles of Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng are set out in the Company's 2021 Annual Report.

The Board has decided not to adopt the 2-tier voting process for the approval to retain both Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng as Independent Directors of the Company.

**ANCOM BERHAD**

[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia

PROXY FORM

CDS A/C. No.	No. of shares held

I/We _____ NRIC No. _____
(Full Name in Block Letters)

of _____
(Full Address)

being (a) member(s) of ANCOM BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
		100 %

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to participate and to vote for *me/us on *my/our behalf at the 52nd Annual General Meeting of the Company to be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 October 2021 at 2.30 p.m. and to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Tan Sri Dato' Seri Abdull Hamid Bin Embong as a Director of the Company		
2	To re-elect Chan Thye Seng as a Director of the Company		
3	To approve the payment of Directors' fees		
4	To approve the payment of Directors' benefits		
5	To re-appoint Messrs BDO PLT as Auditors of the Company		
6	Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
7	Proposed renewal of authority for share buy-back mandate		
8	Proposed authority to issue and allot shares		
9	Proposed continuation in office as an Independent Director – Tan Sri Dato' Dr Lin See Yan		
10	Proposed continuation in office as an Independent Director – Edmond Cheah Swee Leng		

[Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.]

[*Delete if not applicable]

Dated this _____ day of _____ 2021

Telephone no. during office hours:

[Signature / Common Seal of shareholder(s)]

NOTES:

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. **Members will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide for Shareholders available at the Company's website at <http://www.ancom.com.my/agm.php> on registration, participation and voting at the AGM.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 18 October 2021 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the AGM.
3. A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or any adjourned meeting at which the person named in the appointment proposes to vote:
 - i. In hardcopy form
Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. By electronic means via Tricor TIH Online website at <https://tiah.online>
Please follow the procedure as set out in the Administrative Guide for Shareholders on the electronic submission of Proxy Form via TIH Online.

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ANCOM BERHAD

[Registration No. 196901000122 (8440-M)]

The Share Registrar:

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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