



# ANNUAL REPORT 2021

INNITY CORPORATION BERHAD

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# CORPORATE PROFILE

## ABOUT INNITY GROUP

Innity Corporation Berhad and its subsidiaries (“INNITY Group”) is the leading online advertising company in Asia that provides data-driven, interactive online marketing solutions and technologies for advertisers and publishers.

Established in 1999, INNITY Group has a strong foothold in the APAC market. INNITY Group solutions provide a combination of the best features of interactive rich media, data-driven targeting, creative programmatic ads, ad-serving, innovative payment models and high-quality user engagement to publishers and some of the world’s largest brands and advertising agencies. INNITY Group has presence in Malaysia, Singapore, Indonesia, Vietnam, Philippines, Taiwan, South Korea, Hong Kong, Cambodia and Myanmar, with over 300 staff in total.

All in all, INNITY Group provides a diverse range of interactive online marketing solutions such as:

- Display advertising
- Video advertising
- Mobile advertising
- Influencer marketing
- Content Marketing
- Advenue Data Management Platform
- Self-service advertising platform
- Performance and engagement-based advertising solutions
- Programmatic Buying Solutions, Real-Time bidding

INNITY Group is committed to constantly exploring online marketing opportunities for all our partners through our versatile combination of online media proficiency, industry clout, and the development of cutting-edge technology in a brand-safe and fraud-free environment.

# 2021 in Numbers



Total Influencers

**20,000+**



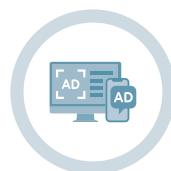
Total Active Advertisers to Date

**1,693**



Total Publishers to Date

**3,227**



Total Campaigns

**4,000+**



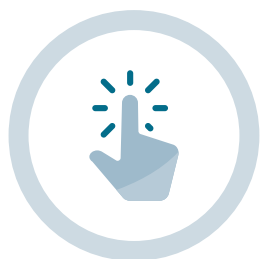
Total Impressions Captured

**3.3 Billion+**



Total Programmatic Impressions

**150 Million+**



Total Clicks

**30 Million+**



Total Engagements

**100 Million+**

## Certifications:



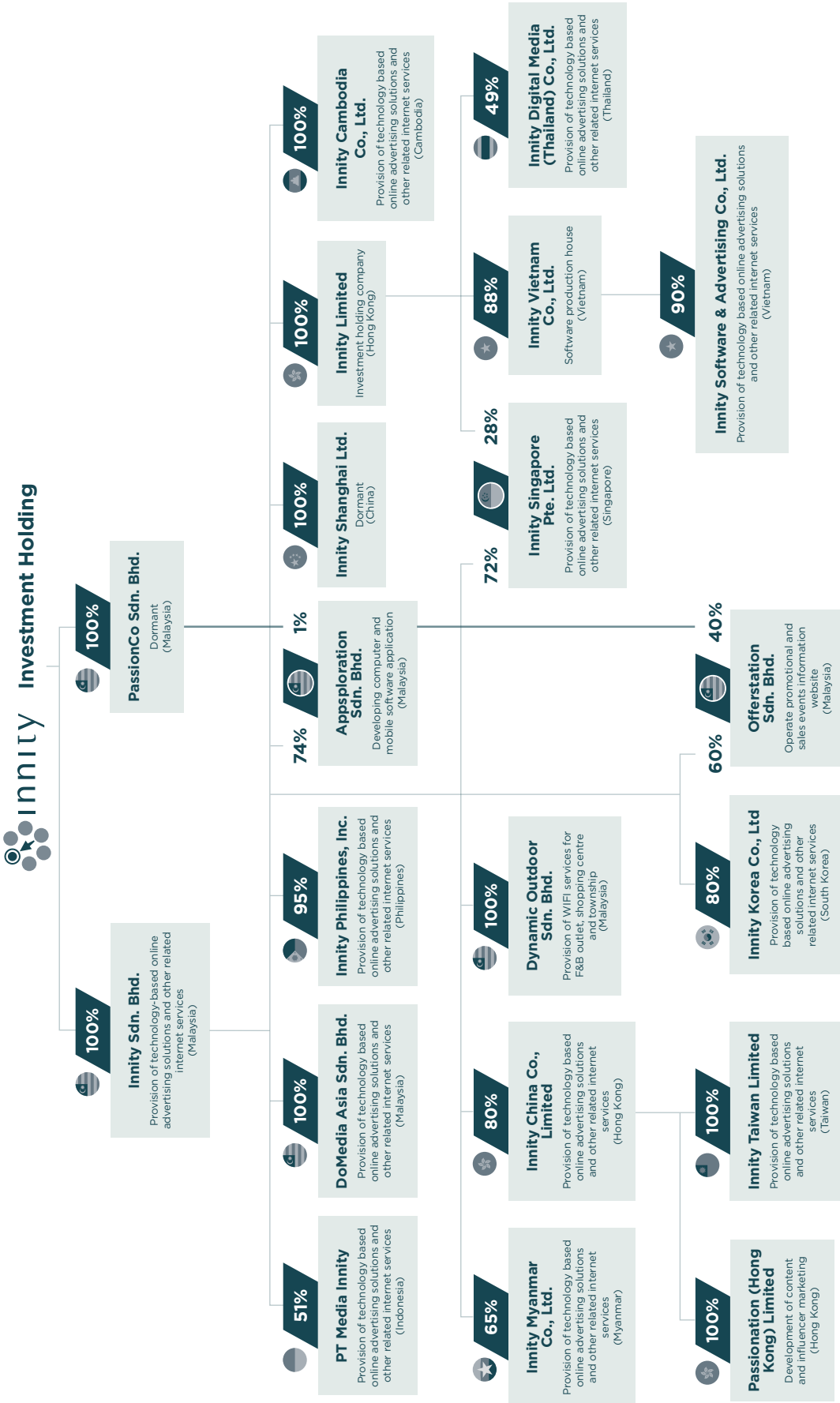
Member of:



Verified by:



# CORPORATE STRUCTURE



# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

<b>Phang Chee Leong</b>	<i>Executive Chairman</i>
<b>Looa Hong Tuan</b>	<i>Managing Director</i>
<b>Wong Kok Woh</b>	<i>Executive Director</i>
<b>Seah Kum Loong</b>	<i>Executive Director</i>
<b>Shamsul Ariffin Bin Mohd Nor</b>	<i>Independent Non-Executive Director</i>
<b>Fung Kam Foo</b>	<i>Independent Non-Executive Director</i>
<b>Cheong Chee Yun</b>	<i>Independent Non-Executive Director</i>
<b>Gregory Charles Poarch</b>	<i>Non-Independent Non-Executive Director</i>
<b>Liong Wei Li</b>	<i>Alternate Director to Gregory Charles Poarch</i>
<b>Michihiko Suganuma</b>	<i>Non-Independent Non-Executive Director</i>
<b>Rieko Yoshikawa</b>	<i>Alternate Director to Michihiko Suganuma</i>

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Cheong Chee Yun**  
*(Chairman) (redesignated as ARMC Chairman effective from 7 April 2022)*  
**Shamsul Ariffin Bin Mohd Nor**  
*(redesignated as ARMC member effective from 7 April 2022)*  
**Fung Kam Foo**

## **REMUNERATION COMMITTEE**

**Fung Kam Foo**  
*(Chairman)*  
**Shamsul Ariffin Bin Mohd Nor**  
**Phang Chee Leong**

## **NOMINATION COMMITTEE**

**Fung Kam Foo**  
*(Chairman)*  
**Shamsul Ariffin Bin Mohd Nor**  
**Cheong Chee Yun**

## **COMPANY SECRETARIES**

**Wong Wai Foong**  
*(MAICSA 7001358)/  
(SSM PC No. 202008001472)*  
**Fong Seah Lih**  
*(MAICSA 7062297)/  
(SSM PC NO. 202008000973)*  
**Tham Yin Tong**  
*(MAICSA 7049718)/  
(SSM PC NO.202008001314)*

## **AUDITORS**

**BDO PLT**  
**(LLP0018825-LCA & AF 0206)**  
*Level 8, BDO @ Menara CentARa  
360, Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur*

## **PRINCIPAL BANKERS**

**HSBC Bank Berhad**  
**OCBC Bank (Malaysia) Berhad**  
**Malayan Banking Berhad**  
**Public Bank Berhad**

## **SHARE REGISTRAR**

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

## **REGISTERED OFFICE**

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

## **BUSINESS OFFICE**

**Headquarters**  
*C501 & C502, Block C  
Kelana Square  
17, Jalan SS 7/26, Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 603-7880 5611  
Fax : 603-7880 5622  
Email : enquiry@innity.com*

## **STOCK INFORMATION**

**Bursa Malaysia - ACE Market**  
**Bursa Malaysia Code: 0147**  
**Reuters Code : INNY.KL**  
**Bloomberg Code : INNC:MK**

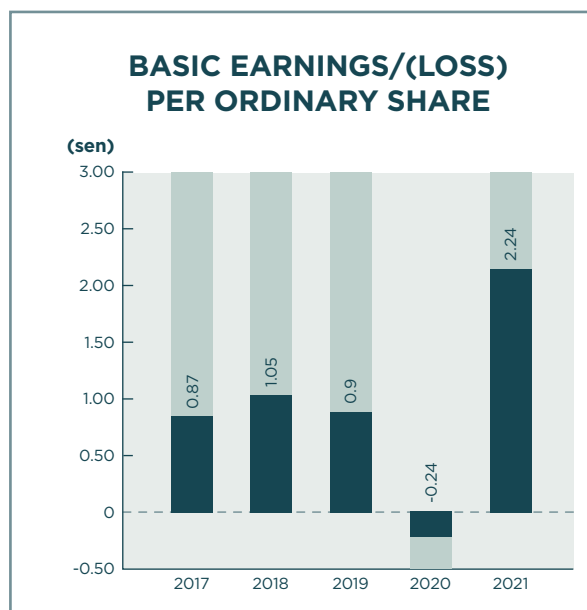
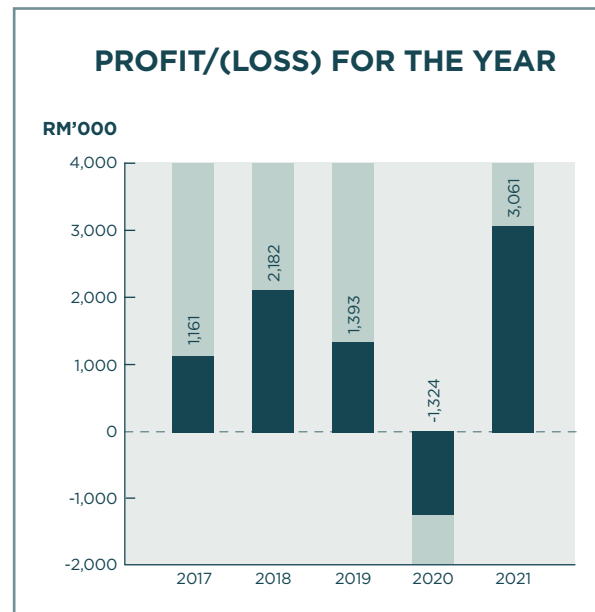
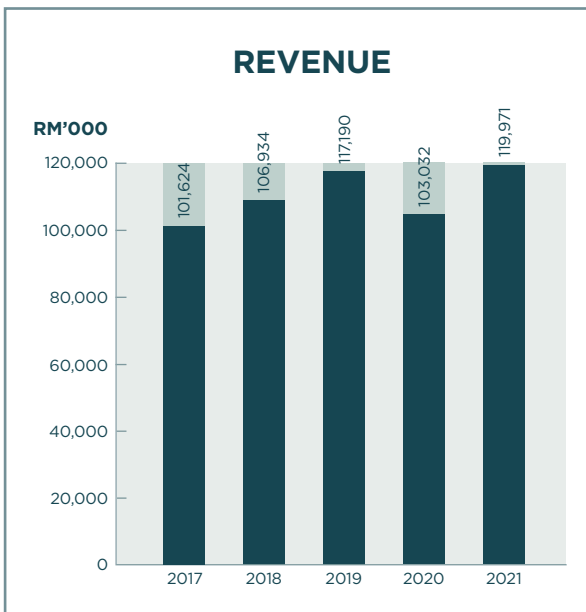
## **WEBSITE**

**www.innity.com**

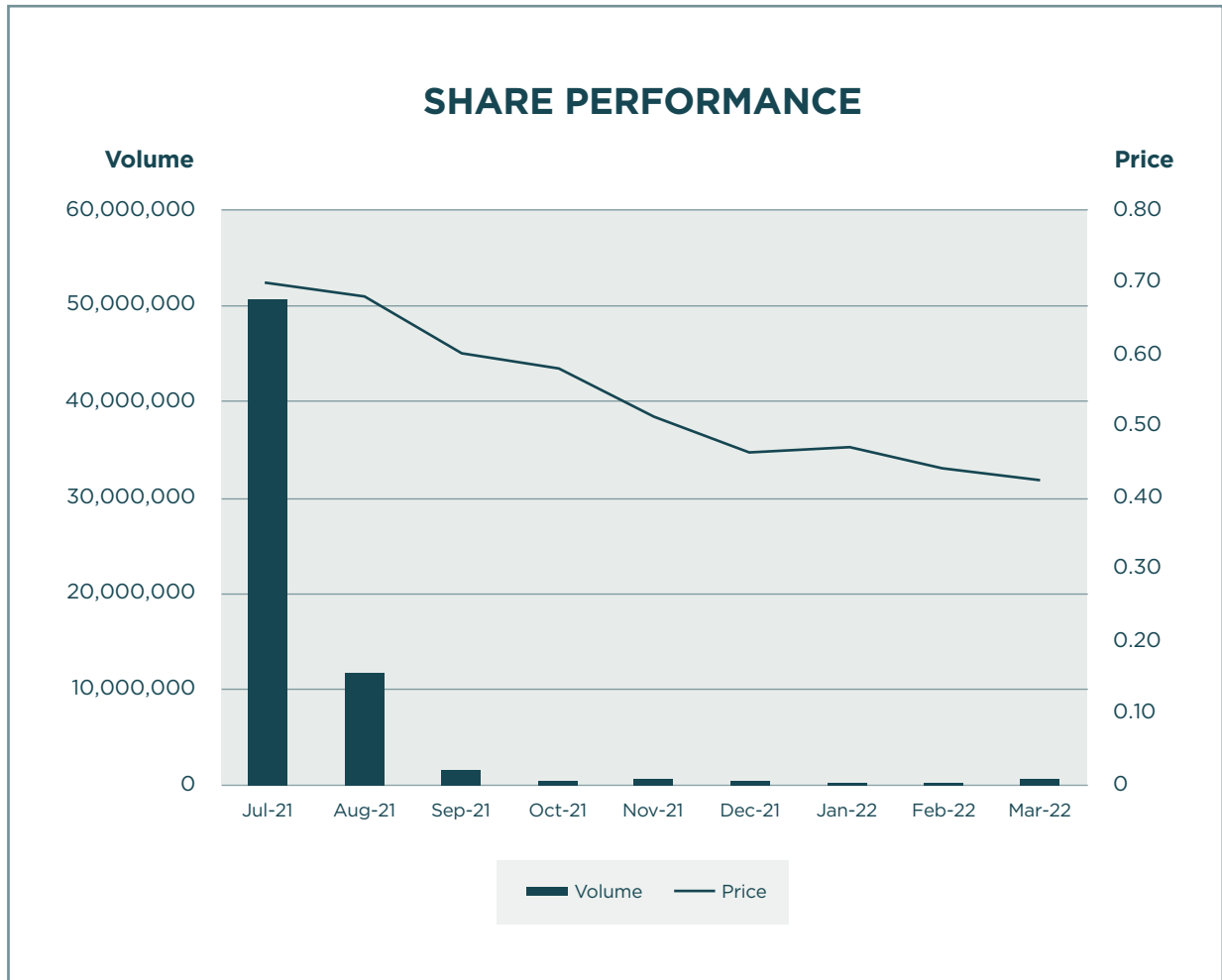
# 5-YEAR GROUP FINANCIAL HIGHLIGHTS

## Financial Year Ended 31 December

	AUDITED				
	2017	2018	2019	2020	2021
Revenue (RM'000)	101,624	106,934	117,190	103,032	119,971
Profit/(Loss) for the year (RM'000)	1,161	2,182	1,393	-1,324	3,061
Basic Earnings/(Loss) per ordinary share (sen)	0.87	1.05	0.90	-0.24	2.24



# SHARE PERFORMANCE



## MARKET VALUE RATIO

At 31 March 2022

Market capitalisation : RM59.9 million

Price / Book value : 1.76x



## DIRECTORS' PROFILE

### **Phang Chee Leong**

*Executive Chairman*

*Member of the Remuneration Committee*

*Malaysian, aged 51 (M)*

Phang Chee Leong was appointed as the Executive Chairman on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as a software engineer with PC Automation Sdn Bhd, a company involved in industrial automation. Moving on, he joined Asia Connect Sdn Bhd as a senior software architect and technical manager where he was involved in video streaming, testing and deployment of new technology. Subsequently in 1997, he joined Consortio, a US company that implemented large-scale e-business solutions. In 1999, he co-founded Innity Sdn Bhd (“ISB”) and took on the position of Chief Executive Officer /Chief Technology Officer. Through his 25 years of experience in the digital industry, Mr. Phang has been a visionary for the company, helping to develop Innity over the years into a leading provider of online interactive marketing technologies. Mr. Phang’s continuous enthusiasm and zeal to look beyond the ordinary has been a key factor in facilitating the company’s growth. He is deeply involved in directing product development and R&D strategies in order to ensure that all future developments are integrated with cutting edge technology so as to deliver value-added and optimised digital advertising solutions. He does not hold any other directorship of public companies.

Mr.Phang attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

### **Looa Hong Tuan**

*Managing Director*

*Malaysian, aged 51 (M)*

Looa Hong Tuan was appointed as the Managing Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as the Head of Sales Department in Jebesen & Jessen, a Danish multinational video conferencing, streaming and networking company and has since been involved in a number of projects across various industries, such as e-learning, e-government and telemedicine. In 1999, he co-founded ISB and took on the position of Sales and Marketing Director and has helped the company to grow multifold over the years. He is responsible for leading the sales and marketing team in pitching for new online advertising campaigns, establishing relationships with various online publishers, and planning the Group’s branding efforts while contributing extensively to the industry from the time of its inception. He currently heads the sales and marketing team. He is also involved in the Group’s business development together with Phang Chee Leong. He does not hold any other directorship of public companies.

Mr.Looa attended five (5) out of six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE (CONT'D)

**Wong Kok Woh**  
*Executive Director*  
*Malaysian, aged 51 (M)*

Wong Kok Woh was appointed as the Executive Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. Upon his graduation from university, he joined Nokia Malaysia as a wireless network-planner under the client-servicing department, where he was in charge of handling and implementing numerous GSM phone network projects across the Asia Pacific region. After a few internal promotions, he left Nokia Malaysia in 1999 as Jiang Xi's province network planning manager. Moving on, he co-founded ISB in 1999 and took on the role as Client Services Director. His job scope entails the implementation and streamlining of daily workflow processes in order to ensure timely and efficient communications with clients to deliver quality work of the highest standards. He plays a critical role in the account management for clients, due to his vast experience in the campaign management of large scale projects. He also works closely with the R&D team to ensure development efforts are consistent with prospective client requirements. He does not hold any other directorship of public companies.

Mr.Wong attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

**Seah Kum Loong**  
*Executive Director*  
*Malaysian, aged 50 (M)*

Seah Kum Loong was appointed as the Executive Director on 28 April 2008. He obtained an Advanced Diploma in Advertising and Design from the Lim Kok Wing Institute of Creative Technology. Following his graduation, he joined Asia Connect Sdn Bhd as a design executive from 1996 to 1998. In 1998, he moved on to Mcities Sdn Bhd, a leading online music entertainment portal as their Creative Director. He later joined Labtyd Sdn Bhd, a leading local advertising agency, as an Art Director, where he was part of a team in designing and producing advertisements catering to specific customer needs. He has vast experience in multiple aspects of the design process, encompassing traditional branding, brand identity and packaging to conceptual interface development. In 1999, he co-founded ISB and was appointed as Creative Director. He currently heads the design department and is in charge of leading and managing the various designers to ensure consistent design output of the finest quality. He is also actively involved with the Group's R&D efforts due to his insights of the ad creation process, current online advertising design trends and the technologies used to create these ads. His job requires him to communicate and fully understand specific needs of clients and then designing an advertisement that accurately represents the client's business. He does not hold any other directorship of public companies.

Mr.Seah attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

(CONT'D)

### **Shamsul Ariffin Bin Mohd Nor**

*Independent Non-Executive Director*

*Audit and Risk Management Committee Member*

*(Redesignated as Audit and Risk Management Committee member effective from 7 April 2022)*

*Member of the Remuneration and Nominating Committees*

*Malaysian, aged 76 (M)*

Shamsul Ariffin Bin Mohd Nor was appointed as the Independent Non-Executive Director on 30 April 2008. He holds a Bachelor of Arts (Honours) Degree from Universiti Sains Malaysia and a Masters in Business Administration from Universiti Kebangsaan Malaysia. He has served in various capacities in the public service including as Assistant Secretary and Principal Assistant Secretary to the Ministry of Land & Regional Development, Senior Assistant Director to the Director General Land & Mine Department and Director of Enforcement Road Transport Department, Malaysia. He was also a board member of Perbadanan Niaga FELDA, NARSCO Bhd, NASPRO Sdn Bhd, NARSCO Properties Sdn Bhd, NARSCO Management Services Sdn Bhd and Commercial Vehicle Licensing Board. He is currently the Executive Director of See Hup Consolidated Berhad and also holds directorship in several private companies.

Encik Shamsul attended five (5) out of six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

### **Fung Kam Foo**

*Independent Non-Executive Director*

*Chairman of Nomination and Remuneration Committee*

*Member of the Audit and Risk Management Committee*

*Malaysian, aged 58 (M)*

Fung Kam Foo was appointed as Independent Non-Executive Director to our Board on 1 August 2019. He obtained Bachelor of Computer Science and Business Administration (Honours) from University of Guelph, Ontario, Canada in 1984.

Mr. Fung is a well-respected figure in the ICT industry, having worked in various sub-sectors of the industry for more than 30 years. Mr. Fung was the CEO of PIKOM (The National Tech Association of Malaysia) from October 2018 to September 2019. He was also with PIKOM as an Executive Director from 1994 to 2000 before embarking on an entrepreneurial journey to start his own company, permission.com, an email marketing company in the year 2000 and later on to become the CEO of txt123, a Maybank Associate company in the year 2001. He also worked in MNCs including Digital Equipment Corp, the second largest global computer company in the 1990s.

Prior to his return to PIKOM in the year 2018, Mr.Fung held the position of Senior Manager for Enterprise Development Division at the Malaysia Digital Economy Corporation (MDEC) and was the founding team member of MDEC Global Acceleration and Innovation (GAIN) programme focusing on globalising selected high-growth Malaysian tech companies.

He was instrumental in spearheading his team to turn around a then loss-making PIKOM in the 90s, into a profitable, vibrant and respected industry association by the time he left in 2000. In recognition of his work at PIKOM, he was selected as one of Malaysia' top 50 local IT Personalities by the Computerworld Magazine.

Mr Fung was also appointed as Independent Non-Executive Director of IFCA MSC Bhd on 1 Nov 2021.

Mr.Fung attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

### (CONT'D)

#### **Cheong Chee Yun**

*Independent Non-Executive Director  
Chairman of the Audit and Risk Management Committee  
(Redesignated as Chairman of Audit and Risk Management Committee effective from 7 April 2022)  
Member of Nomination Committee  
Malaysian, aged 60 (M)*

Cheong Chee Yun was appointed as Independent Non-Executive Director of Innity Corporation Berhad on 27 September 2018. He is a Chartered Accountant member of the Malaysian Institute of Accountants, a member of the Certified Practising Accountant Australia (CPA Australia) and also a member of the Asian Institute of Chartered Bankers.

In the year 1985, he graduated with a Bachelor of Accounting (Hons) from Universiti Malaya. In the same year, he started his career as an executive officer with RHB Bank Berhad (formerly known as D&C Bank). He was involved in all branch operational aspects, corporate banking, trade financing and international banking matters and last held a managerial position. Thereafter, he joined a PC assembly and monitor manufacturer, KT Technology Sdn Bhd as Financial Controller in the year 1998. He then joined a software development and system integration company known as Object Solutions Sdn Bhd as director in the year 1999. In the year 2001, he joined Saferay (M) Sdn Bhd, a manufacturer and exporter of architectural mouldings as an operation director. In the year 2003, he was also appointed as a non-executive director in CS Opto Semiconductors Sdn Bhd but had resigned in the year 2012. In the year 2006, he was appointed as operational director in Eastmont Sdn Bhd, a building construction services company. He has since resigned in November 2018.

In year 2012, he joined Enco Holdings Sdn Bhd, a biomass thermal energy solutions provider as Head of Finance & Corporate Affairs and is now an executive director of the company. He is also a non-executive director of Kencana Bio Energy Pte Ltd, Singapore, (now known as Enco Power Pte.Ltd., Singapore) a biomass power generation holding company. Moreover, he currently holds the post of independent non-executive director for Innity Corporation Berhad, ManagePay Systems Berhad and ETA World Group Berhad.

Mr Cheong attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

#### **Gregory Charles Poarch**

*Non-Independent Non-Executive Director  
American, aged 57 (M)*

Gregory Charles Poarch was appointed as the Non-Independent Non-Executive Director on 19 August 2009. He graduated with a Bachelor of Science in Accounting from Southwestern Oklahoma State University, USA in 1988. He commenced his career in 1988 as a Senior Auditor with Finley & Cook, Certified Public Accounting Firm. Moving on, he joined Occidental Petroleum Corporation as an Audit Supervisor. Subsequently in 1996, he joined MEASAT Broadcast Network Systems Sdn. Bhd. as a Project Manager. He was promoted to Senior Manager level in 1997. He joined the JobStreet.com group in 2000 and took on the position of Vice President, Finance & Administration. With the listing of the JobStreet group in November 2004, he became the Chief Financial Officer of JCBNext Berhad. He does not hold any other directorship of public companies.

Mr. Poarch attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

### (CONT'D)

#### **Liong Wei Li**

*Alternate Director to Gregory Charles Poarch  
Malaysian, aged 38 (M)*

Liong Wei Li was appointed as the Alternate Director to Gregory Charles Poarch on 26 August 2019. He received his Bachelor of Economics from University of Malaya in 2008 and a Masters of Philosophy in Economics from University of Cambridge, United Kingdom in 2012. Mr Liong also holds a Bachelor of Laws degree from University of London (external), United Kingdom and obtained the Certificate of Legal Practice in 2010. He commenced his career as a research associate at Institute of China Studies and Faculty of Economics, University of Malaya. He joined JcbNext Berhad as the Special Officer to the Chief Executive Officer in the year 2012. He was then promoted as Chief Executive Officer in the year 2021. Mr. Liong is a holder of Chartered Financial Analyst (CFA), Chartered Alternative Investment Analyst (CAIA Charter), and Certificate in Investment Performance Measurement (CIPM) designations. He does not hold any other directorship of public companies.

#### **Michihiko Suganuma**

*Non-Independent Non-Executive Director  
Japanese, aged 43 (M)*

Michihiko Suganuma was appointed as Non-Independent Non-Executive Director on 1 April 2017. He graduated with a Bachelor of Business from the University of Tsukuba in 2003. He started his career in International Marketing at Pioneer Corporation. In 2006 he joined D.A.Consortium, Japan's leading online media representative, and focused on identifying and partnering with ad tech companies for strategic entry into the Japanese market. In 2015, he was promoted to the Head of the Global Business Group and Executive Officer. In this role, he develops business strategy in the oversea market which includes implementing regional marketing and sales plan and identifying fitting local partners to provide technology solutions and media products. He has spoken at many events including ad:tech in Tokyo, Singapore and New Delhi. He does not hold any other directorship of public companies.

Mr. Michihiko attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

#### **Rieko Yoshikawa**

*Alternate Director to Michihiko Suganuma  
Japanese, aged 42 (F)*

Rieko Yoshikawa was appointed as the Alternate Director to Michihiko Suganuma on 24 August 2020. She received her Bachelor of Policy Studies from Kwansei Gakuin University in 2002 and a Masters of Policy and Management from Doshisha University in 2004. She started her career as Media Planner at D.A.Consortium Inc. from year 2004 to 2008. She then took up the role of Accounting Supervisor at D.A.Consortium Inc. from year 2008 to 2014. She is now Senior Manager of Global Business Group at DAC. She does not hold any other directorship of public companies.

#### **Notes:**

##### **Save as disclosed above:**

1. None of the Directors have family relationships with any other Director and/or major shareholder of the Company.
2. None of the Directors have been convicted of any offences within the past five years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. None of the Directors have any conflict of interest with the company.
4. Gender of Directors are represented by (M) Male, (F) Female.

## KEY SENIOR MANAGEMENT'S PROFILE

The Key Senior Management in FY 2021 comprises Mr. Phang - Executive Chairman of Innity Corporation Berhad and Chief Executive Officer of Innity Sdn Bhd ("ISB"); Mr. Looa - Managing Director of Innity Corporation Berhad and Sales and Marketing Director of ISB; Mr. Wong - Executive Director of Innity Corporation Berhad and Client Services Director of ISB; and Mr. Seah - Executive Director of Innity Corporation Berhad and Creative Director of ISB are included under the Directors' profiles on (page 8 to page 12) in the Annual Report 2021 and the following persons:

### **Andrew Lim Kai Hian**

*Managing Partner, Innity China Co., Limited  
Malaysian, aged 46 (M)*

Andrew Lim Kai Hian is the Managing Partner of Innity China Co., Limited. He obtained an MBA from University of Central Oklahoma in 2001 and he also graduated with a Bachelor of Business Administration - International Business from the same University in 1999. He has more than 15 years of experience in Media and Advertising industry, specifically Digital Media. He started his career in Malayan Banking Bhd as Traded Finance Specialist from the year of 2002, helping the bank to grow its Trade Financial offerings and utilizations. He started his media and advertising career in Jobstreet in 2005, helping Jobstreet to grow the Lifelong Learning Division. In year 2007, he joined GroupM Malaysia as Media Manager and subsequently relocated to GroupM Hong Kong. Throughout his time in GroupM, he was responsible to manage some of the country's blue-chip advertisers for example, Maxis, Sony Ericsson, Hong Kong Disneyland, Hong Kong Tourism Board, Mondelez, and so forth. He left GroupM as Media Planning Director in 2013 and appointed as the Country Manager of Innity China Co., Limited, He was then redesignated to be the Managing Partner of the company. He is responsible for leading the sales and business development teams to expand the company's reach in terms of sales revenue and publisher partners. He guided Innity China Co., Limited to be one of leading Digital Media Marketing companies in Hong Kong and voted as one of the leading Media Networks in Hong Kong. Under his stewardship, Innity China Co., Limited becomes one of the major profit contributors to the Group which it achieves profit for 8 consecutive years.

### **Simon Ong**

*Director, Appsploration Sdn Bhd  
Malaysian, aged 48 (M)*

Simon was appointed as a Director to Appsploration Sdn Bhd, a subsidiary of INNITY in July 2013, focused on the development of mobile ad products. As a B.Sci Computer Science graduate from Queen Mary & Westfield College, University of London, Simon began his career at EACgraphics developing educational touch screen kiosks in year 1996. He went on to join Asia Connect Sdn Bhd and Consortio Sdn Bhd to pursue his interest in web/internet software development. Later, he started his own software development business and joined WapNet Interactive Solutions Sdn Bhd as a shareholder and developed software for plasma touch screen kiosks with an advertising scheduling and distribution system for shopping malls.

## KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

### **Lee King Huat**

*Country Head, Innity Singapore Pte Ltd  
Singaporean, aged 39 (M)*

Lee King Huat joined Innity Singapore Pte. Ltd. in 2013 as a Sales Manager and quickly rose up the ranks to be Innity Singapore Pte. Ltd.'s Country Head in 2018, where he is responsible for accelerating business growth, sales operations and collaborating with partners globally. Prior to Innity Singapore Pte. Ltd., King Huat spent 7 years in the banking and finance industry looking after Digital Marketing and Strategies. He worked in CIMB Bank, HSBC Bank and Standard Chartered Bank and served the roles in e-Business, Digital Marketing and Digital Bank Strategy.

From a Digital Marketer in Global Bank to a leading APAC Ad Tech Company with over 18 years of cumulative experience in Digital Marketing, MarTech, AdTech, Digital Bank Products & Platforms, eBusiness and Sales, Multimedia & Website Design, eCommerce, Digital Content Creation and more has brought him to where he is today. He graduated with a Diploma in Multimedia Design from Saito University College in 2004.

### **Gabriel Joaquin Zosa**

*Country Manager, Innity Philippines, Inc.  
Filipino, aged 37 (M)*

Gabriel Joaquin Zosa is currently the Country Manager for Innity Philippines, Inc. He graduated with a degree in Bachelor of Science in Marketing Management from De La Salle University in Manila, Philippines, in 2008. A year after, he started his career as Product Supervisor for Suzuki Philippines, one of the largest automobile companies in the country; and then moved on to joining Branded Lifestyle, Inc. in 2011 as Brand Manager for Ray-Ban Sunglasses.

Mr. Zosa joined Innity Philippines, Inc. in 2013 as part of the Sales Team, where he introduced the company to the Philippine market and initiated the acquisition of key accounts among the leading media agencies in the country. From the ground, he helped build the company's foundations, establishing its Sales, Campaign Implementations and Creatives Department. His success flourished and translated into sales, wherein Innity Philippines, Inc. rose to rank across the region in 2015. With his grit and dedication, the company achieved one of the highest net profit sales across the region.

As a person keen on innovation and efficiency, Mr. Zosa has also given a hand in creating processes for planning, implementing and monitoring strategic business decisions adapted in other Innity regions. With his display of ingenuity and commitment, he was also appointed as the Interim Country Manager for Innity Digital Media (Thailand) Co., Ltd in January 2021.

## KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

### **Fitriyani Afini**

*Country Manager, PT Media Innity  
Indonesian, aged 42 (F)*

Fitriyani Afini is currently the Country Manager for PT Media Innity, where she is responsible for the Indonesia market, grow the business alongside with the Indonesia team and create a solid visibility for PT Media Innity in Indonesia. She has 10 years' experience in advertising, 7 years' experience in digital advertising and strategic planning including mobile advertising and marketing, programmatic, content base advertising (AVOD). She graduated with a bachelor degree majoring in Industrial Engineering from Sahid University Jakarta in 2004.

Prior to PT Media Innity, Fitriyani was appointed as Strategic Planning Director for OgilvyOne in July 2012, she focused on digital strategic to all OgilvyOne accounts, from there she then appointed as Client Service Director at Wunderman Indonesia to handle the key accounts and also nurtured the team for New Business Development. Having served agencies for 13 years, Fitriyani then appointed as a Head of Monetization by Blackberry for BBM advertising business, she focused in opening the advertising business in the market and grow BBM as one of revenue stream contributor for Blackberry.

From there she was appointed to set up the AVOD business for Iflix in Indonesia in 2018 as a Head of Sales for Iflix Indonesia. In 2019, Fitriyani joined Vice Media as a Country Manager where she took the responsibilities to grow the advertising business and managing editorial business for Vice Media Indonesia. In August 2020, Fitriyani was appointed as Country Manager for PT Media Innity in Indonesia.

#### **Notes:**

##### **Save as disclosed above:**

1. None of the Key Senior Management have family relationships with any other Director and/or major shareholder of the Company.
2. None of the Key Senior Management have been convicted of any offences within the past five years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. None of the Key Senior Management have any conflict of interest with the company.
4. Gender of Key Senior Management are represented by (M) Male, (F) Female.



# EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (“the Board”) of Innity Corporation Berhad (“INNITY” or “the Company”), it gives me great pleasure to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2021.

## ECONOMIC OVERVIEW

Over the past 2 years, the world’s largest economies have been clobbered by the impact of the Covid-19 pandemic. Global trade has been drastically affected as businesses, big and small, endured lockdowns that were forcefully implemented for most of 2020 and 2021 to control the pandemic spread.

On the home front, the latest outbreak of the Omicron and BA.2 variants combined with the worst seasonal flooding (in years) towards the end of 2021, threatened to derail the Government’s economic safety net for citizens and businesses in distress. The World Bank has revised Malaysia’s economic growth projection to 3.3% in 2021, down from the 4.5% forecasted in June 2021. Increased precautionary behaviour and subdued labour market conditions were expected to weigh down on private consumption and overall economic growth, especially for services-related sectors, which have been heavily impacted by movement restrictions.

Covid-19 is still part of our daily life and continues to reshape the world we live in. However, there has been considerable progress in containing the global pandemic, underpinned by vaccination rollouts in most countries including Malaysia.

As our lifestyle continues to evolve in the shadow of the pandemic, brick and mortar retailers are possibly facing extinction as live-streaming shopping is thriving and as entire logistics operations go online embracing e-commerce from warehouses to delivery services.

The increasing pace for adoption of the internet worldwide coupled with faster broadband speeds has witnessed an upsurge in demand for hand-held mobile devices and portable devices such as laptops. This encouraging growth trend has continually fueled the internet penetration rate in Malaysia - which was at 88.56% in 2021 (2020: 87.7%) as of the second quarter of 2021 (Source: Statista Research - 11 August 2021). Malaysians across the urban-rural divide are poised to enjoy high-quality and affordable digital connectivity boosted by the Government’s 5-year National Fiberisation and Connectivity Plan announced in August 2019.

In addition, the lockdown or circuit-breaker measures implemented under the Movement Control Order, from 18 March 2020 to 12 May 2020 and from 1 June 2021 to mid-September 2021, witnessed a significant increase in online traffic from the ‘Work from Home’ demographic. Finally, the imminent rollout of the 5G networks will inevitably accelerate the overall broadband penetration rate in Malaysia to reach 100% by 2025 (Source: Ministry of Communications and Multimedia).

## EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

### FY2021 PERFORMANCE

While the expected economic recovery in 2021 fell short of expectations as people spent most of their time at home due to the resurgence of Covid-19 lockdowns, there were silver linings for some businesses amid the gloomy scenario.

As INNITY's core businesses are involved in the provision of interactive online advertising platforms for advertisers and publishers, our role has indeed gained additional exposure as the performance of our business units located in Asean and the Far East significantly recovered in 2021 when compared with the extremely challenging situation in 2020. Having considered the tough business environment in 2021, I am encouraged by the Group's significant turnaround to post satisfactory financial results in 2021.

The Group recorded total revenue of RM120.0 million in 2021 as compared to total revenue of RM103.0 million in 2020 and was able to register a profit after tax of RM3.1 million in 2021 (2020: Loss After Tax of RM1.3 million).

A significant portion of my brainstorming sessions in 2021, which were focused on restrategising and repositioning INNITY's overseas presence and market share had a positive impact in traditional markets such as Singapore and Malaysia and growth markets like the Philippines, Indonesia and Vietnam. The restrategising and repositioning has vastly impacted the positive performance and bottom line of emerging growth markets such as Philippines, Indonesia and Vietnam.

We continue to deliver new online advertising solutions and enhanced product features and capabilities. Our financial condition remains in good shape with healthy liquidity and debt service coverage.

A detailed discussion of the Group's financial performance in 2021 is found under the Management Discussion & Analysis section in the ensuing pages.

### BUSINESS OUTLOOK

The overall impact of the Covid-19 pandemic on global economies, at least in 2022, may not be known anytime soon. Depending on the magnitude and longevity of the pandemic, the pace and trajectory of recovery, going forward, would depend on several factors such as the extent of vaccination rollouts and the effectiveness of pandemic containment measures such as robust testing and tracing mechanisms to help mitigate the risks of future resurgence.

Under the 12th Malaysia Plan, Malaysia has affirmed its commitment to be a carbon-neutral nation by 2050. Proposals were revealed during the Budget 2022 address by the Finance Minister aimed at developing a sustainable economy which included the launch of the Voluntary Carbon Market and the expansion of green technology tax incentives. Being supportive of green technologies, this will be the primary focus to integrate and adopt Environmental, Social and Governance ("ESG") sustainable practices into Innity's core strategies henceforth.

Going into 2022, business confidence in Southeast Asia remains cautiously optimistic in the shadow of Covid-19. The Malaysian economy is expected to recover with growth ranging from 5.8% to 6% in 2022 (Source: The World Bank as reprinted from The Star - 28 September 2021). Malaysia's integration into fast-growing segments of global value chains, accommodative monetary policy, digitalisation that had taken off in a major way as well as continued policy support would be key drivers of a resilient and sustained economic rebound in 2022.

## EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

### BUSINESS OUTLOOK (CONT'D)

Despite the uncertain but optimistic outlook facing us in 2022, INNITY will actively focus on:

- a. Taking progressive steps in the integration of ESG sustainable practices into Innity's core strategies;
- b. Determining the long-term success of ESG sustainable practices that have been embedded into Innity's group operations;
- c. Engaging our ESG agenda to our entire value chain ecosystem of stakeholders i.e., advertisers, publishers, suppliers and business partners;
- d. Actively launching new digital marketing online advertising solutions using our vast experience and knowledge in R&D;
- e. Improving credit control and credit recovery procedures on long outstanding trade receivables;
- f. Continuing to secure new business and/or customers to minimise our risk of dependency on a handful of major customers;
- g. Maintaining cordial and long-term customer relationships to ensure continuity of business;
- h. Discovering viable business opportunities particularly in its overseas networks; and
- i. Embracing initiatives such as data-driven IoT - which will lead to our versatile combination of sustainable high-impact, media cutting-edge modeling and analytical solutions that are reasonably priced and rapidly executed.

### CORPORATE GOVERNANCE

Innity is committed to conducting its businesses in full compliance with the legal and regulatory jurisdictions under which it operates. The Group conducts its businesses professionally with the utmost integrity and corporate governance.

In achieving a high level of corporate governance best practices to protect and enhance shareholder value, the Board is fully supportive of the recommendations of the Malaysian Code on Corporate Governance ('MCCG 2021') and, where appropriate, has taken the necessary steps to embrace and adopt the "Comprehend, Apply and Report" ('CARE') approach as set out in the latest MCCG 2021 ('the Code').

As we face uncertain economic times in the coming years, we have sought to identify and strengthen governance weaknesses, refined our analysis of the online marketing space and further stepped up our development and compliance to boost sustainable growth.

In line with the Code, a Corporate Governance Report ('CG Report') and Corporate Governance Overview Statement ('CG Overview Statement') have been prepared and approved by the Board. They provide an account of the Group's application of the 3 Principles espoused in the Code. Where relevant, the Group's focus areas and future priorities are presented in relation to its Corporate Governance practices.

The Board adopts a zero-tolerance approach towards any form of corruption, bribery or other improper payments in any of its business operations. In compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and in light of amendments to the ACE Market Listing Requirements relating to Anti-Corruption and Whistle-Blowing, the CG Overview Statement outlines clear guidelines and procedures of these policies with the aim of promoting better governance culture and ethical behavior within Innity as well as provide greater accountability and transparency to investors.

## EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a responsible corporate citizen, INNITY's CSR commitment of building long-lasting, mutually beneficial relationships with our stakeholders and the society at large resumed in 2021 after a temporary curtailment in 2020 following the outbreak of the COVID-19 pandemic. The Group supports a wide range of meaningful causes and social initiatives to give back to society.

In July 2021, during the lockdown, INNITY sponsored "OneMeal with Passionation" with Hunger Hurts Malaysia to provide 2,000 free meals to underprivileged communities. At the same time, INNITY supported struggling small businesses through the OneMeal Project organised by Hunger Hurts. INNITY Passionation community was encouraged to donate OneMeal at RM10.00 each and for every OneMeal donated, INNITY Passionation matched the donation with an additional OneMeal.

INNITY Passionation also ran a CSR campaign from 20th September 2021 to 7th October 2021 to assist NASOM in their fund raising efforts by getting the INNITY Passionation community to speak and share their views on autism awareness, acceptance and celebrating individual differences on their social platforms.

A statement detailing Innity's actions in addressing environmental, social and governance ("ESG") risks and opportunities, in 2021, is found under the Corporate Sustainability Statement in the ensuing pages.

### APPRECIATION

As Executive Chairman of the Group, I would like to extend my sincere gratitude and appreciation to my fellow Board members for the immense contribution, professional advice and commitment as we continue to persevere and preserve shareholder value in these challenging times.

Under their valued guidance, I would like to express my sincere appreciation and thanks to the Management and employees of the Group for their unfailing dedication and teamwork towards achieving the Group's objectives. Lastly, on behalf of the Board, I would like to extend our heartfelt thanks and gratitude to our shareholders, customers, business partners and bankers for placing their confidence and continuing support to the Board and Management.

Stay strong and stay safe and we will be on the road to getting back eventually to our normal lives.

**PHANG CHEE LEONG**  
*EXECUTIVE CHAIRMAN*

# MANAGEMENT DISCUSSION & ANALYSIS

## MANAGEMENT DISCUSSION & ANALYSIS

The following Management Discussion & Analysis (“MD&A”) contains data derived from audited financial statements and factual statements of INNITY and INNITY Group. It provides an overview of the Group’s business and operations and how INNITY addresses risks, foreign exchange fluctuations, impact of inflation and other economic uncertainties for the financial year ended 31 December 2021 (“FY2021”).

The MD&A should be read in conjunction with the financial statements and the accompanying notes to the financial statements. The financial statements were audited and subsequently approved and authorised for release by the Board of Directors.

### 1. GROUP BUSINESS AND OPERATIONS

INNITY is principally, an investment holding company. The core operations of the Group are carried out by subsidiary companies which are involved in the provision of interactive online marketing platforms and data-driven technologies for advertisers and publishers.

INNITY is a public limited liability company, incorporated and domiciled in Malaysia. The Company’s shares are listed and traded on the ACE Market of Bursa Malaysia Securities Berhad.

Our Group is principally involved in providing technology-based online advertising solutions, to our customers in the Asia Pacific region, using in-house developed technology platforms. Our role in the online advertising process is to serve as a one-stop centre for advertisers and advertising agencies in offering the 3 major functions of the online advertising process, i.e., Creative, Media and Research. In essence, the Group assumes the role of the advertising agency, creative agency, media agency and researcher.

As a leading architect of origination and innovation, our strategy is to develop and consistently deliver relevant and functional technology-based online advertising solutions and other related internet services to a global audience.

We belong to an industry that is constantly evolving to be more complex and sophisticated. Frequent changes in consumer demand due to our industry’s vast client demographic and intense competition amongst the industry players inevitably leads to greater challenges. For the Group to thrive to ensure its returns are not diminished, requires continuous Research & Development (“R&D”) expertise in creating innovative and sustainable advertising solutions to stay ahead of our competitors.

The global economy was surrounded by uncertain external factors, which has disrupted the recovery. The renew waves and new variants of the Covid-19 viruses pose concerns for the market outlook, amid exceptional uncertainty, the Group started to record positive performance in 2Q21 (“Second Quarter 2021”), Majority of the business units’ advertisers continued to increase digital advertising spending to capture the growth in online spending attributable to the change in consumer habits from offline to online. Hong Kong, South Korea, Cambodia and Myanmar contributed lower revenue in FY2021, mainly due to the political instability and new waves of Covid-19 outbreak.

The management continues to undertake various cost-effective measures to optimise the Group’s performance through cost control, developing new products, improving risk management and internal control procedures so as to minimize losses and improve the Group’s cashflow.

INNITY continues to abide by Malaysia’s Covid-19 standard operating procedures (“SOP”) to safeguard the health and safety of employees and stakeholders.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 1. GROUP BUSINESS AND OPERATIONS (CONT'D)

As Malaysia transitions into the endemic phase on 1 April 2022, the Group continues to adopt the following SOPs: -

- Limiting staff working from office by need basis after lockdown period. High-risk group staff i.e., staff having pre-medical conditions and staff above 50 years of age, staff who have not completed two (2) doses of vaccines, public transport commuting employees, pregnant ladies, employees who have school-going children, were compelled to work from home;
- Limiting the number of attendees at a meeting;
- Making the wearing of masks and usage of sanitizers compulsory; and
- Splitting the departmental structure to limit the number of employees coming into the office and cross office unit visit was disallowed

#### a) Summary Financial Results of the Group Operations

Financial Year Ended 31 December	2021	2020	2019	%Change	%Change
	(RM'000)			2021 vs 2020	2020 vs 2019
Revenue	119,971	103,032	117,190	16.4	(12.1)
Net profit/(loss) attributed to Equity Shareholders	3,122	(329)	1,249	> 100	> (100.0)
Basic earnings/(loss) per share (sen)*	2.24	(0.24)	0.90	> 100	> (100.0)

**NOTE:** \* Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares on issue for the applicable financial year.

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares as at the applicable period.

#### b) Compliance with Applicable Accounting Standards

The financial statements were prepared in accordance with the new and revised Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of Company Act 2016 in Malaysia. Preparing consolidated financial statements requires the Board/ARMC members to make a judgement call affecting the reported amounts of assets, liabilities, revenue and expenses.

The accounting policies adopted by the Group are consistent with 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 on pages 159 in the financial statements.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW

#### a) Group Review of Revenue and Profit Before Tax

There is a correlation between Covid-19 vaccination rate and the global economic recovery. Higher vaccination rates in FY2021 compared to financial year 2020 (“FY2020”) has improved overall global economic activities. In addition, the Covid-19 pandemic has made consumers more connected to their mobile devices with the demand of remote working. The shift in consumer habits from offline to online has spurred advertisers to accelerate their digital advertising. Consequently, INNITY’s group revenue has improved by 16% or RM16.94 million to RM119.97 million in FY2021 compared with RM 103.03 million in FY2020.

In tandem with the increase in revenue, the Group recorded a turnaround in performance by posting RM3.06 million profit after tax (“PAT”) compared to RM1.32 million loss after tax (“LAT”) in FY2020, Other income declined by RM2.09 million or 61% to RM1.34 million in FY2021 compared with RM3.43 million in FY2020. The decline in other income was attributed to the following factors:

- Absence of Gain on the disposal of shareholdings;
- Lesser support fee income from Fivestones Digital;
- Absence of share of other reserve after disposal of I-Dac, an associate; and
- Expiry of Coronavirus Government Support Grants from Hong Kong and Singapore business units.

Other operating expenses increased by approximately 3% or RM1.53 million to RM46.78 million in FY2021 from RM45.26 million in FY2020. Other operating expenses comprise staff cost, administration expenses, selling and marketing expenses, depreciation and amortisation. The marginal increase of 3% in operating expenses cushioned the higher staff costs after offset against the saving in administration expenses. The saving in administration costs includes lower impairment on trade receivables as a result of the improved collection and decrease in spending on professional costs. The increase in staff costs was due to additional recruitment of human resources required to cope with the surge in online spending.

#### b) Segmental Results of Group Operations

##### Revenue

		Financial Year Ended (“FYE”) 31 December					
		2021		2020		2019	
		Business Units in:	RM'000	% Change	RM'000	% Change	RM'000
1.	Malaysia	48,260	30.0	37,122	(3.7)	38,553	6.9
2.	Hong Kong/China	17,791	(2.8)	18,307	(39.3)	30,143	1.2
3.	Indonesia	5,380	49.4	3,601	(74.1)	13,896	35.0
4.	Philippines	12,553	32.2	9,498	(3.9)	9,882	28.2
5.	Singapore	13,757	1.8	13,515	(1.7)	13,753	3.7
6.	Taiwan	5,222	30.1	4,013	(10.4)	4,481	(10.5)
7.	Vietnam	14,465	17.8	12,285	>100.0	4,018	3.9
8.	South Korea	383	(57.0)	891	(9.9)	989	>100.0
9.	Cambodia	2,119	(40.9)	3,583	>100.0	1,429	>100.0
10.	Myanmar	41	(81.1)	217	>100.0	46	(87.3)
	<b>Total Revenue</b>	<b>119,971</b>		<b>103,032</b>		<b>117,190</b>	

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### b) Segmental Results of Group Operations (Cont'd)

##### Profit/(Loss) Before Tax

	Business Units in:	FYE 31 December					
		2021		2020		2019	
		RM'000	% Change	RM'000	% Change	RM'000	% Change
1.	Malaysia	2,501	>100.0	380	>100.0	(310)	> (100.0)
2.	Hong Kong/China	1,083	(30.3)	1,554	(49.1)	3,056	(23.9)
3.	Indonesia	155	>100.0	(1,869)	> (100.0)	(427)	> (100.0)
4.	Philippines	1,342	>100.0	302	(77.1)	1,320	45.7
5.	Singapore	766	40.3	546	>100.0	197	>100.0
6.	Taiwan	(529)	39.7	(877)	> (100.0)	(216)	85.5
7.	Vietnam	178	35.0	143	>100.0	(554)	> (100.0)
8.	South Korea	(112)	64.7	(317)	43.8	(564)	9.2
9.	Cambodia	37	(76.4)	157	>100.0	(26)	89.2
10.	Myanmar	(144)	41.8	(249)	(9.7)	(227)	92.0
<b>Total Profit/(Loss) Before Tax</b>		<b>5,277</b>		<b>(230)</b>		<b>2,249</b>	

#### c) Country-Level Performance

Despite the global market conditions remaining challenging amidst uncertain external factors and a resurgence of new variants, the Group performed better in FY2021 compared to FY2020. A majority of the overseas business units recorded increase in revenues, except Hong Kong, South Korea, Cambodia and Myanmar business units. The evolving marketing strategies adopted by the group were effective in driving higher group revenue and demonstrated the resilience of the business through economic uncertainties.

The Hong Kong business unit started to pick up in the second half of FY2021, with renewed business focus and strong partnership with Spotify. Revenue significantly improved compared to the corresponding quarter in the second half of FY2020. The lower revenue achieved in the first half of FY2021 inevitably impacted performance in FY2021. Consequently, a lower PBT was posted in FY2021 on 3% lower revenue mainly due to the expiry of Covid-19 Government Support Grant in November 2020 which has ceased contributing other income source to the business unit. Similarly, the South Korea business unit posted a lower revenue and LBT in FY2021. The decline in revenue was mainly due to intense competition from the local market. Nevertheless, the business unit is in the midst of re-focusing and re-branding the business to regain its local market share.

The Cambodian business unit was badly impacted by first large Covid-19 outbreak which occurred in May 2021, Cambodia's government imposed a country-wide movement control lockdown to curb the country's Covid-19 outbreak, which has significantly slowed down digital advertising spending and recorded a decrease in revenue and PBT. Myanmar's economy has been heavily affected by the political instability since early of February 2021, the ongoing military coup as well as the new waves of the coronavirus Omicron variant has further impacted an economy that has already been weakened by the coronavirus pandemic. In view of the challenges faced by the business unit, the business unit's operating costs was kept at a minimum. Hence a lower revenue and LBT was recorded in FY2021.



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

Further detailed breakdown of Group revenue is as follows:

#### d) Revenue by Business Segments

Financial Year Ended 31 December	2021	2020	2019	%Change	%Change
	RM'000			2021 vs 2020	2020 vs 2019
Advenue Premium	75,623	65,646	70,228	15.2	(6.5)
Advenue Performance	34,459	28,708	36,910	20.0	(22.2)
Programmatic Advertising	3,619	4,010	4,885	(9.8)	(17.9)
Content and Production	5,060	3,847	3,764	31.5	2.2
Others	1,210	821	1,403	47.4	(41.5)
<b>Total</b>	<b>119,971</b>	<b>103,032</b>	<b>117,190</b>		

#### e) Significant Financial Disclosures

##### Liquidity

Our Group's principal sources of liquidity have been cash from operations, short-term borrowings in the form of overdraft and long-term borrowings in the form of term loans.

The following summarises the various sources of cash flow as at FYE 31 December 2021:

	2021	2020	2019
	RM'000	RM'000	RM'000
Net cash generated from/ (used in):			
-Operating activities	12,665	(1,861)	6,604
-Investing activities	(1,228)	(1,440)	(4,370)
-Financing activities	(1,511)	(1,258)	(1,329)
-Exchange difference	83	(361)	186
Net increase/(decrease) in cash and cash equivalents	10,009	(4,920)	1,091

##### Key Financial Ratios

		2021	2020	2019
a.	Trade debtors' collection period (days)	114	132	101
b.	Trade creditors' payment period (days)	138	148	100
c.	Current ratio	1.80	1.77	1.89

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### e) Significant Financial Disclosures (Cont'd)

Trade debtors' ageing has improved to 114 days in FY2021 from 132 days in FY2020. The Covid-19 pandemic has turned FY2020 into a year of unprecedented challenges as the imposition of lockdowns to curb the Covid-19 pandemic has delayed collection resulting in a longer collection period. Group business was badly affected in the first half year of FY2020. However, revenue rebounded in the second half of FY2020 following the trajectory of moving from offline to an online working structure. In FY2021, collection has improved due to better market conditions after Covid-19 vaccination rates increased and the economy started to be fully reopened.

Trade creditors' payment period decreased to 138 days in FY2021 from 148 days in FY2020. The payment period was shortened in FY2021 compared to FY2020 as the domestic economy gradually recovered to pre pandemic levels.

The Group's cash and cash equivalents increased by 56% or RM10.1 million, from RM18.0 million to RM28.1 million as at FY2021. Nevertheless, the Group will continue adopting the following measures to tighten its cash flow in FY2022: -

- Limiting the number of overseas business units. In FY2022, there will be no expansion into other countries;
- Tightening capital and operational expenditure spending;
- Securing longer credit terms with publishers and influencers;
- Negotiate discounts from publishers or influencers demanding cash terms; and
- Collecting down payment/upfront deposits from new customers.

#### Research & Development ("R&D") Expenses

R&D is top priority as INNITY's competitive edge relies on continuous R&D development for new product innovation and improvements in display, mobile and programmatic advertising. Total development expenditure incurred in FY2021 amounted to RM1.46 million (FY2020: RM1.57 million).

Expenditures incurred at the research phase, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are charged to profit or loss.

Expenditures incurred at the development phase are recognised as intangible assets provided the following specific criteria are met:

- i. It is technically feasible to complete the development of the intangible asset so that it will be available for use or sale;
- ii. Management intends to complete the intangible asset and use it or sell it;
- iii. Ability to use or sell the intangible asset;
- iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;
- v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi. The expenditure attributable to the intangible asset during its development can be reliably measured.

The capitalised capital expenditures cover direct labour and cost of materials associated with product development and other related software use for product development activities.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### e) Significant Financial Disclosures (Cont'd)

##### Income Tax Expense

Tax expense included income tax and deferred tax. The Group incurred an income tax expense of RM2.20 million in FY2021 (FY2020: RM1.09 million).

The Group's effective tax rate for the FY2021 was higher than the statutory tax rate mainly due to the following:

Higher effective tax rates were recorded in Malaysia, Indonesia, Philippines and Cambodia business units compared to the statutory tax rate in FY2021. The higher effective tax rate posted in Malaysia, Indonesia and Philippines business units were mainly due to certain expenses not tax deductible. Cambodia segment is subject to a 1% tax rate on net revenue. The amount can be credited to offset the company tax subject to approval from the local tax authority. The application was submitted and is pending approval from the local tax authority.

##### Identified Risks Affecting Group Performance

We belong to an industry that is constantly evolving and highly competitive. Frequent changes in technology and consumer demand require our expertise in creating innovative and sustainable advertising solutions to stay ahead of our competitors, at home and abroad.

The identified risks affecting Group performance are:

##### **Credit Risk**

The Group's credit risk primarily comprises trade and other receivables. Credit risks are managed through credit checks using the services of credit reporting and checking agencies such as RAM Credit Information Sdn. Bhd. ("RAMCI"). Credit risks are also minimised through selective interaction and association with creditworthy business partners.

Due to the Covid-19 pandemic continuing to disrupt business recovery efforts in 2021, the Group continued to further strengthen credit control and recovery procedures by developing more stringent procedures for new businesses as well as introducing a "watch list" for closer monitoring of long outstanding trade receivables considered as risky exposures.

##### **Foreign Currency Exchange Risk**

The Group continues with its existing presence in ten (10) countries. As business transactions are conducted in foreign currencies, our Group is exposed to foreign currency risk. Foreign currency denominated assets and liabilities together with its expected cash flows arising from sales and purchases give rise to foreign exchange exposures.

The majority of foreign currency transactions within the Group involved sales and purchase transactions. Besides, the Group's cash and cash equivalents were maintained in a foreign currency account in all business units to meet current and future financial obligations. There is a risk of significant fluctuation on MYR against multiple foreign currencies where the business unit transacted may significantly affect the results of the Group.

These transactions provide a natural hedge against fluctuations in foreign currencies. Hence, the Group does not adopt bank hedging or enter into forward exchange contracts in view of the minimum amount of hedging required.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### e) Significant Financial Disclosures (Cont'd)

##### Competition Risk

Our long-term success depends largely on how we continue to secure new businesses and/or customers to minimise our risk of dependency on a handful of major customers. Furthermore, maintaining cordial and long-term customer relationships are essential to ensure continuity of business.

Notwithstanding our strengths, we continue to face competition from existing and prospective industry players. Despite the competition risk, we have developed long-term business relationships with our publishers by entering into reseller partnerships to bring in a variety of quality inventories to strengthen our market share.

##### Interest Rate Risk

The group's primary interest rate risk relates to interest bearing debts. INNITY Group manages its interest rate exposure by:

- i. maintaining a prudent mix of fixed and floating rate borrowings;
- ii. conducting a periodic review on the debt's portfolio; and
- iii. taking into account the investment holding period and nature of the assets held.

#### f) Factors Affecting Group's Results

Apart from the key business risks and the mitigating measures being highlighted in the Statement on Risk Management and Internal Control on 43 to 50, our Group's financial performance will continue to be affected by several key factors set out below: -

##### Covid-19 Pandemic Risk

At the time of reporting, the Covid-19 pandemic continues to spread globally albeit in various variants of the same virus. The global economic landscape in 2021 and beyond is inevitably, riddled with uncertainty. The financial impact of the pandemic on INNITY's business so far, is minimal as our strong customer base resonated with the change in focus and strategy adopted by the Group.

##### People

We belong to a fast-paced industry that requires creative people with expertise in new product design, R&D and sales personnel with the requisite digital product knowledge to service our valued clients. People are our most important resource.

We value our employees by offering a competitive remuneration package, a compelling series of training and development programmes and a conducive and safe working environment.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### f) Factors Affecting Group's Results (Cont'd)

##### Political and Economic Stability

Political stability is important for the business environment as it affects consumer confidence and hence, economic stability.

The growing political uncertainty in Myanmar, which included internet and social media blackouts in February 2021, did not significantly affect the Group's results due to the relatively low internet usage.

##### Change in Rules and Regulations

Any change in the rules and regulations on foreign investment is likely to have an impact on the Group's performance. Our Management has always taken a proactive stance in addressing these changes which may include working closely with foreign government regulators to ensure compliance, enhancing internal risk practices in order to minimise the risk of non-compliance and improving our ability to adapt to such changes.

##### Technology

Technology is critical to realise growth potential. Technological developments in global digital advertising, combined with its increasing commercial use and the rapidly growing number of internet users worldwide have shaped the evolution of online advertising into different advertising models and new market players.

Online technological advancements are often rapid and volatile. Thus, it is imperative that online advertising companies place high priority on research and development of new products and services while maintaining awareness of new developments in the industry.

With our renowned digital advertising technology in providing innovative one-stop advertising solutions as well as a strong network of quality online publishers and customer base, we believe that our relentless focus on technology and R&D will propel the Group to remain as a leading player in the online advertising market.

#### g) Industry Trends

The Covid-19 pandemic is having a big impact on various brick-and-mortar industries, forcing these industries to shift their operations and advertising investment on digital platforms. As the paradigm shift from offline to online continues to gather pace, the huge increases in online traffic provided opportunities for ICT service providers to capture their target audience through digital marketing initiatives.

Globally, the online advertising market in 2020 was valued at US\$350.0 billion. It is projected to reach US\$786.2 billion by 2026, growing at a Compound Annual Growth Rate ("CAGR") of 13.9% over the projected period (Source: Digital Advertising and Marketing-Global Market report dated 22 November 2021). Technological advancements coupled with a surge in digital spending by enterprises are expected to drive the online advertisement market over the forecast period.

As consumers widely prefer mobile devices such as smartphones and tablets (over laptops or desktops), owing to convenience and portability, these mobile platforms are expected to grow lucratively.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### g) Industry Trends (Cont'd)

Most ad spending will be generated in the United States estimated at US\$210.725 million in 2022. Globally, 70% of total ad spending will be generated through mobile in 2026 while 86% of digital advertising revenue will be generated through programmatic advertising in 2026.

Despite the raging pandemic, eMarketer estimates that worldwide retail e-commerce sales grew 27.6% for 2020 compared with a decline of 3% in total worldwide retail sales for the same period. (Source: eMarketer's Global Ecommerce Update 2021).

In Malaysia, which is our principal market, online advertising has experienced tremendous growth in line with higher rates of broadband penetration and the proliferation of corporate websites and online marketing campaigns firmly driving the growth of the market.

Ad spending in the local digital advertising space is projected to reach US\$831 million in 2022 (Source: Statista). Unlike highly developed digital ecosystems such as the United States, where the market's largest segment is Search Advertising (US\$203.2 billion), the domestic market's largest segment is Banner Advertising with a market volume of US\$429 million in 2022 (Source: Statista). By 2026, 47% of total ad spending will be generated through mobile while 82% of digital advertising revenue will be generated through programmatic advertising in Malaysia.

In Hong Kong, Singapore, Philippines and Indonesia, the presence of large multi-national conglomerates has provided a springboard for further regional expansion and development of a robust regional network of clients and publishers.

In Myanmar and Cambodia, where the proportion of internet users to the general population remain relatively low, government support for increasing internet usage among its populace would witness significant growth for digitally-led content ads.

Our strategy of continuous R&D to outperform our peers in delivering relevant and functional technology-based advertising solutions to our clients in spite of the competition and constant industry shifts remains a primary goal in the years ahead.

#### h) Future Industry Trends

The online advertising market in Malaysia offers tremendous potential. Market drivers (i.e., key trends, developments or events) that can spur further expansion in the coming years, include the following: -

##### **E-Commerce advertising**

E-commerce advertising encompass Ad investment across E-Commerce sites, Omnichannel Retailers and Social Media Channels. E-commerce advertising solution consists of any type of content (i.e., video, articles, images, etc.) that provides a direct purchasing opportunity and allows consumers to either add products to cart directly from the content or ad they are viewing or be taken to a product page and continue to shop from there. The shoppable technologies erase the gap between content and product by reducing the number of steps a customer needs to make a purchase. With shoppable content currently on the rise, the retail industry is experiencing significant changes in the way it advertises products. Content is shifting from traditional format to becoming more interactive with seamless in-ad shopping experience that can dynamically showcase multiple products, complete with up-to date product details and pricing.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### h) Future Industry Trends (Cont'd)

##### Social Commerce

Social commerce sells products directly through social media networks such as Facebook, Instagram, and TikTok. Brands are using social commerce in a variety of ways ranging from basic strategies like creating branded hashtags to more advanced techniques like including user-generated content on both their website and social channels or enabling social shopping where customers can purchase products in-app.

Additionally, social commerce allows brands to build customer loyalty through reward gratifications, referral and affiliate programs, and more.

##### Brand Community

A brand community is a hub where website visitors can find content that is either branded, curated, or user generated. A Brand Community helps brands drive authentic conversations, and user-generated content on social media, which ultimately increases sales. It is a space that helps strengthen bonds between a brand and its consumers. This community consists of people who keep up with Branded content on social media, recommend products, and come together to share their love for the brand.

##### Programmatic Offering

The adoption of programmatic advertising into different channels like Audio, Digital Out of Home, AR/VR and smart devices provide marketers with more options while also providing the customer with a more personalized and engaging experience. Furthermore, 5G, Artificial Intelligence, and machine learning will also increase the efficiency of programmatic advertising.

Programmatic advertising is a component of advertising technology that is the most crucial in relation to other forms of advertising. It is currently keeping the whole ad tech fraternity on its toes, waiting for what is going to happen next. In the coming years, programmatic advertising is set to act as default trading method in media.

##### Video Advertising

Video shows no signs of slowing down in 2021. Surveys show that 6 out of 10 people would rather watch online videos than TV, proving that the role of video content is imperative to help brands connect with their audiences. By combining traits of showing and telling at the same time, videos generate high engagement and greater exposure than text or images. Mobile device technology is projected to be the main driver of developments in Video Advertising. According to the Interactive Advertising Bureau (IAB), most of the expenses are allocated to mobile advertising, amounting to almost two-thirds of the total advertising budget for video ads. Additionally, a report from Grand View focusing on the digital video ad market said that the global digital video advertising market size was valued at USD 19.7 billion in 2019 and is expected to grow at a CAGR of 41.1% from 2020 to 2027.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### h) Future Industry Trends (Cont'd)

##### Interactive and Shoppable Content

The pandemic has accelerated the growth of e-commerce like never before, which in turn, resulted in the rapid development of interactive and shoppable online content - where marketers try to make every digital touchpoint interactive, personalised, and shoppable for everyone. Shoppable content aims to help brands effectively shorten and streamline the traditional consumer purchase journey - allowing users to go from discovery to purchase in a seamless and interactive experience while providing businesses with important insights to reach purchase-ready consumers more efficiently.

##### Influencer Marketing

Influencer marketing is the art of connecting brands and the powerful voices of digital content creators. Influencer marketing has grown significantly due to the pervasive use of social media platforms, especially in 2020 and 2021 when the world was in lockdown from the pandemic. According to Business Insider, the influencer marketing industry is worth just around USD15 billion. Influencers help to drive authentic conversations around a product message, conclusively driving awareness and engagement. Influencer marketing provides brands with the opportunity to reach and engage audiences via individuals they rely on and trust.

Over the last few years, a trend in influencer marketing has developed: performance-based influencer marketing. In order to achieve success, brands must align influencer campaigns to strategic business goals and incorporate them into their holistic digital marketing strategy. Influencer Marketing campaigns today include providing influencers with a unique discount code and exclusive offers, affiliate links, amplifying social posts through paid efforts that include a strong call to action, as well as product collaborations to drive sales.

With influencer-driven content fast becoming a popular trend, there will be pressure on marketers to fine-tune their approach at measuring influencer impact.

##### AR and VR Offerings

The next generation of media is becoming more and more immersive with the help of AR and VR technologies. According to a report by Valuates, the VR and AR market is expected to grow at a CAGR of 63.3 percent between 2018 and 2025. The adoption of 5G mobile networks and growing acceptance of augmented and virtual reality technologies will help brands, especially those in e-commerce, offering consumers reality experiences like virtual shopping, 3D product reviews, virtual retail walkthroughs, and more. AR and VR technologies enable companies to produce immersive and better consumer experiences than the usual video-based campaigns.



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### i) Sustainability of Operations

INNITY aspires to ensure sustainability for the long-term preservation and enhancement of the environmental, social and governance (“ESG”) factors in all of its business activities. The integration of sustainability into all our domestic and overseas operations has given the Board unprecedented attention and recognition that tackling sustainability issues and putting them in practice is a continuous process with the Board having oversight responsibility.

ESG factors, experienced in varying business practices, cultures and the environment of our various overseas destinations, has enhanced and strengthened INNITY’s corporate value and reputation among the communities where it operates.

As an example, INNITY’s Hong Kong business unit was appointed as Spotify’s official advertising sales partner. As the world’s most popular audio streaming subscription service, Spotify with 345 million users, including 155 subscribers, across 178 markets will provide INNITY’s advertisers the opportunity to reach millions of engaged listeners through the strategic partnership by taking advantage of Spotify’s comprehensive audience data to reach their target audience accurately.

#### j) Forward-Looking Statements

##### Prospects and Outlook

The Covid-19 pandemic appears to have triggered one of the deepest economic contractions across the globe including the vast majority of emerging markets and developed economies.

While the extent of the economic impact beyond 2021 is riddled with uncertainty, the global outlook remains tepid contingent upon the duration of the pandemic, effectiveness of the vaccines to overcome the multitude of variants and the efficiency of health care systems in various economies.

Beyond the complications created by the pandemic, there could also be other factors weighing down on the global economy such as the Russian invasion of Ukraine which has brought unprecedented chaos, confusion and suffering to the people of Ukraine. Besides, the continuing frayed relationships between Australia and China, trade tensions between the United States and China on multiple fronts (including a tech war) have not witnessed any signs of de-escalation. Beyond these issues, financial market volatility and fragile geopolitical issues add up to the multitude of critical issues at play facing the recovery of global economies.

The Malaysian Government’s cash aid, wage subsidies, interest rate cuts and other continuing stimulus measures are expected to restart economic activity, improve employment prospects and stabilise the domestic economy in 2022 and beyond.

Against this challenging outlook, Malaysia foresees a rebound of between 5.8% and 6.5% GDP growth in FY2021 (Source: Bank Negara Malaysia - Economic & Monetary Review).

Widespread adoption of the internet worldwide coupled with higher broadband speeds and exceptional growth of technology-driven mobile devices and apps will catalyse a new era where the internet becomes a mainstream entertainment and communications medium with significantly ample room for marketers to manifest themselves in the mind of consumers.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### j) Forward-Looking Statements (Cont'd)

##### Prospects and Outlook (Cont'd)

The accelerated shift to digitisation by brick and mortar businesses during the pandemic has paved the speedy adoption of high impact rich media technology streaming video, voice and graphics, resulting in a step-up of Malaysia's economic complexity through the adoption of smart technologies such as Industrial Revolution 4.0, 5G telecommunication networks, Artificial Intelligence (AI), robotics, virtual reality, big data analytics, Internet of Things (IoT), Blockchain and Cloud Computing. These smart technologies are driving new growth in a multitude of applications across a broad spectrum of industries.

eMarketer Inc. reported that, barring any further unforeseen global economic debacles, digital adex in the Southeast Asian economies of Malaysia, Indonesia, the Philippines, Singapore, Thailand, Vietnam, Myanmar and Cambodia will witness double-digit gains within the next 5 years. The rising demand for mobile, video and social media advertising will drive this growth.

Given the surge in demand for online advertising in the years ahead, we are uniquely positioned to adapt to the emerging paradigm shift by capitalising on our competitive R&D advantage to deliver breakthrough ideas and product improvements in a diverse range of innovative engagement and advertising solutions.

Adopting this integrated approach, the Group has built up an impeccable reputation and track record since the business started in 1999. Over the period, the Group had achieved several "firsts" such as: -

- 1st in APAC to introduce Cost Per Engagement;
- 1st in APAC to introduce retargeting;
- 1st and only fully transparent ad serving system in Asia that is IAB certified.

In FY2019, Innity was recognised as a leading online solutions provider in the Asia Pacific ("APAC") region at the ASEAN Business Awards held in Bangkok, Thailand. Innity was chosen as the APAC winner under the "Priority Integration Sectors: ICT (Mid-Tier) category.

Innity Vietnam was awarded three Gold Awards at the Mobile Marketing Association (MMA) Smarties Awards in FY2021. MMA Smarties Awards is the world's only global marketing awards program that recognises the most effective modern marketing campaigns, celebrating innovation, creativity, and success.

The Group had also engaged in several business alliances and partnerships with some of the leading global names in IT. These partnerships included the following: -

- Advertising Provider on Facebook Platform;
- Google certified Rich Media and Ad Network Vendor;
- Official Reseller partnership with Tik Tok in Malaysia and twenty-two (22) other countries across Europe, US and Asia;
- Adhere to global ad and fraud standards set by Interactive Advertising Bureau (IAB), Trustworthy Accountability Group (TAG) and Coalition for Better Ads (CBA);
- Compliant with the Viewable Impressions measurement standard;
- Inventory Quality Guidelines Certified for Brand Safety; and
- Official sales partner with Spotify in Hong Kong.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FY2021 GROUP FINANCIAL RESULTS REVIEW (CONT'D)

#### j) Forward-Looking Statements (Cont'd)

##### Prospects and Outlook (Cont'd)

Given this established track record, the Group foresees the level of business to further increase in the foreseeable future. This optimistic outlook is based on the following factors: -

- The exponential growth and expansion of the digital advertising market globally;
- Our renowned expertise in developing proprietary technology-based online advertising solutions;
- Our capability to manage an entire online advertising campaign as we are a one-stop solutions provider;
- Strong and lasting business relationships with leading names in our strong clientele network; and
- Our established track record and impeccable reputation as Southeast Asia's leading online marketing technology provider.

#### k) Dividend Policy

In 2021, the Board did not recommend the payment of an interim or final dividend.

Our ability to declare a dividend or make other distributions in the future, is subject to us having profits and excess funds which are not required to be retained to fund our Group's operations, other financial obligations or business plans.

Given that the Malaysian economy, in 2022, is widely expected to remain challenging, underpinned by the fatal effects of the COVID-19 pandemic - which has largely remained unabated, despite the widespread usage of vaccines and boosters to curtail the deadly virus, the Board's decision against declaring a dividend is deemed acceptable.

**This statement is made at the Board of Directors' Meeting held on 7 April 2022.**

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to present the Audit and Risk Management Committee Report for 2021.

## 1. COMPOSITION

Presently, the Audit and Risk Management Committee (“ARMC”) comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

## 2. MEMBERSHIP

Members of the Board who are currently serving on the ARMC as at the date of the Annual Report are: -

### **Chairman**

Cheong Chee Yun (*Independent Non-Executive Director*)  
(*Redesignated as ARMC Chairman effective from 7 April 2022*)

### **Members**

Encik Shamsul Ariffin bin Mohd Nor (*Independent Non-Executive Director*)  
(*Redesignated as ARMC member effective from 7 April 2022*)  
Mr. Fung Kam Foo (*Independent Non-Executive Director*)

The ARMC had fulfilled paragraph 15.09(1), 15.09(2) and 15.10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code of Corporate Governance 2021 (“MCCG 2021”) Practice 9.1, 9.2, 9.3 9.4 and 9.5.

- The Chairman and all the ARMC member shall comprise solely Non-Executive and Independent Directors.
- One of the ARMC member must be a member of the Malaysian Institute of Accountants.
- No alternate director is appointed as a member of the ARMC.
- The Chairman of the ARMC is not the Chairman of the Board.
- The ARMC has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

## 3. FREQUENCY OF MEETINGS

During the financial year ended 31 December 2021, the ARMC convened five (5) meetings. The attendance of each ARMC member at these meetings during the financial year were as follows: -

Director	Number of Meetings Attended
Encik Shamsul Ariffin Bin Mohd Nor	4/5
Mr. Cheong Chee Yun	5/5
Mr. Fung Kam Foo	5/5

ARMC meetings were held in financial year 2021. The ARMC meetings were carried out in a systematic order. The notices and board papers of the ARMC meetings was circulated at least 7 days before each meeting to members of the ARMC, to ensure ARMC having sufficient time to go through the significant matters highlighted in the board papers.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 3. FREQUENCY OF MEETINGS (CONT'D)

ARMC Chairman reports to the Board on any concern(s) raised by external auditors and internal auditors, minutes of each ARMC meeting recorded and tabled at the following meeting and circulated to the members of the Board for notation.

ARMC members have and will undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules to discharge its fiduciary duties and responsibilities.

In performing its duties and discharging its responsibilities, the ARMC is guided by its Terms of Reference which is available for reference at the Company's website, [www.innity.com](http://www.innity.com).

### 4. INTERNAL AUDIT FUNCTIONS

The ARMC is supported by an independent internal audit service provider. Its main role is to conduct regular and systematic reviews of the operation, procedures and internal control of the Company and its subsidiaries so as to provide reasonable assurance that the internal control systems put in place continue to operate satisfactorily and effectively. Resolve IR Sdn Bhd succeeded the others' two (2) proposed Independent internal audit service providers to replace Axcelasia Columbus Sdn, Bhd.( "ACSB") as the new Independent Internal auditor commenced from year 2020. ACSB had served as group internal auditor since year 2008, The reason for the new appointment is due to the Board was of the opinion that Axcel Asia would be able to give a fresh independent perspective.

During the financial year ended 31 December 2021 , the business activities and entity review and risk assessment were carried out in accordance with the approved risk based internal audit plan approved by the ARMC. During the year the internal audit review was conducted to assess the adequacy and effectiveness of the Innity Sdn. Bhd's, Innity Singapore Pte Ltd and Innity Philippines Inc. system of Internal control and its compliance to ICB group policies and procedures over the following areas or process:

#### **Ad Operations Management**

- Ad Campaigns Planning;
- Execution and Inspection;
- Ad Campaign Status and Cost monitoring;
- Ad Campaign Performance Review and Evaluation; and
- Review of Relevant Policies and Procedures of the external auditor.

#### **Credit Control, Collection**

- Credit Evaluation (New and Existing customers)
- Collection
- Credit Monitoring
- Review Of Relevant Policies and Procedures

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 4. INTERNAL AUDIT FUNCTIONS (CONT'D)

#### **Human Resource Management**

- Recruitment, Resignation and Employee Retention
- Payroll processing
- Performance Appraisal System
- Employees Benefits Disbursement
- Attendance and Leave Monitoring
- Review of Relevant Policies and Procedures

#### **Sales and Marketing**

- Pricing Development and Maintenance
- Discount Authorisation
- Invoicing and Revenue Recognition
- Review of Relevant Policies and Procedures

The Internal Audit review procedures were designed to understand, document, evaluate risks and related controls and to identify areas for improvement in process efficiency and formulate recommendations for improvement.

The audit review procedures applied principally consisted of process evaluations through interviews with various personnel, observations and testing of controls on sampling basis and relevant processes covering the period from 1 January 2020 to 31 December 2020 for Innity Sdn. Bhd., 1 June 2020 to 31 May 2021 for Innity Singapore Pte. Ltd. and 1 August 2020 to 31 July 2021 for Innity Philippines, Inc. respectively. The samples of the testing were selected based on a judgmental basis to provide to Senior Management with due perspective of the audit scope business processes. The audit results will be rate as high, moderate and low. Significant audit results with high rating will be brought to the ARMC attention which require rectification and improvement.

The results of the internal audit on entity processes reviewed carried out in Innity Sdn. Bhd, Innity Singapore Pte. Ltd. and Innity Philippines, Inc. included the recommended corrective actions that were agreed by Senior Management, were presented to the ARMC Committee at ARMC meetings held on 25 May 2021, 26 August 2021 and 24 November 2021.

Risk Assessment (RA) on the group was carried out from 27 October 2020 to 18 December 2020. Group RA is undertaken to identify and to assess Innity Group's significant business risks that may affect the achievement of Group business objectives. The specific objectives of the RA are mainly to:

- i. Identify the significant risks that may affect the achievement of the Group's business objectives;
- ii. Rate the significant risks of the Group's businesses after considering the existing controls and current risk management system and activities;
- iii. Ascertain the Significant Risk Profile within the Group; and
- iv. Determine if the significant risks identify require further attention or treatment.

The identification and rating of business risk of the Group was conducted through a series of interview with the respective key personnel from companies in the Group. Representatives from the respective divisions/business units within the Group from 7 Oct 2020 to 12 November 2020, all identified risks are rated and prioritized in terms of the likelihood of the risk occurring and its impact should the risk occur, the risk ratings had taken into consideration the participations' perception on the effectiveness of the internal control put in place to mitigate the significant risks identified.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 4. INTERNAL AUDIT FUNCTIONS (CONT'D)

Composition of the significant risk profile was rated, critical or high rating will be brought to the ARMC attention and management is require to closely monitor this significant risk.

Follow-up visits were conducted to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed and the results of the follow up reviews were also reported to the ARMC.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The cost incurred for the internal audit function for the financial year under review was RM52,000.

### 5. SUMMARY OF ACTIVITIES

During the year, the ARMC carried out the following activities in discharging its duties and functions with respect to their responsibilities:

#### **Financial Reporting**

The ARMC reviewed the interim financial statements and annual financial statements required under Bursa Listing Requirement for the recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgement and risk areas, significant adjustments resulting from the audit, the going concern assumption and compliance with accounting standards, AMLR of Bursa Securities and other legal requirements.

#### **External Audit**

External Auditors presented the audit strategy and audit plan to the ARMC on the audit of the year-end financial statements. During the presentation, ARMC also seek confirmation from the External Auditors' on their independency and resources made available to the external audit functions. The ARMC had a meeting with the external auditor without the management presence, where both parties were given the opportunity to raise any concern, offer opinions or provide feedback on any problems encountered. This allows the External auditor to be able to exert its functions independently. There were no material matters raised that would have an impact on the financial disclosure or the internal control systems.

In addition, ARMC discussed and reviewed with the External Auditors the applicability of the new accounting standards and new financial reporting regime issued by the Malaysia Accounting Standard Board.

The ARMC reviewed and discussed the External Auditors' observation, the results of the annual audit, audit report and management letter together with the management response to the findings in relation thereto. There was no material matters and qualifications raised as to the audit report.

In assessing the independence of the External Auditors, the ARCM has reviewed the proposed fees and expenses, including fees for non-audit services and of the opinion that the independence of the External Auditors has not been compromised based on the independent confirmation provided by the External Auditor.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 5. SUMMARY OF ACTIVITIES (CONT'D)

#### **External Audit (Cont'd)**

The ARMC assessed and discussed the performance and effectiveness of the External Auditors, including the independence, objectivity, professional conduct, requisite skills and expertise, including relevant industry experience as well as resources availability for the engagement. The ARMC is satisfied with the performance of the External Auditor and recommended the audit fee payable for the Board's approval as well as recommending them to be reappointed at the forthcoming Annual General Meeting.

#### **Internal Audit**

ARMC had reviewed and approved the internal audit planning presented by Internal Auditor after due review of their risk assessments and recommendations as well as feedback from Management Risk Committee (MRC).

The ARMC also reviewed and discussed the internal audit report findings and recommendations for weaknesses found and ensured that there were action plans established for the Internal Auditor's corrective recommendations. The scope of the internal audit for the financial year has been summarized at clause 4 of the report. Management was invited to attend the ARMC meetings to provide clarification on specific issues raised in the internal audit reports. The ARMC also monitored the implementation of action plans on the outstanding audit findings reported by the Internal Auditor.

ARMC is task with identifying the principal risks, reviewing and assessing the effectiveness of the risk management framework and internal control systems based on the reports and recommendations from the internal audit function and report to the Board on its findings.

The ARMC had also reviewed the effectiveness and efficiency of the internal control system in place and the risk factors affecting the Company as well as the action plans taken by Management to resolve the issues to ensure adequacy of the internal control system.

#### **Related Party Transactions**

The ARMC reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group while ensured all transactions are at arms length's basis. A circular in relation to proposed renewal of shareholders mandate for recurrent related party transactions and quarterly RRPT registrar was reviewed by the ARMC and approved by the Board.

#### **Others**

As for the Anti Bribery measure including the Whistle Blowing procedures, ARMC has noted that there were no bribery incidents reported and neither were there any reports lodged under the Whistle Blowing procedures.

The ARMC has also reviewed the Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report, Corporate Government Overview Statement, Corporate Government Report, Sustainability Statement in accordance with the AMLR of Bursa Securities, for the inclusion into the Annual Report.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 6. DUTIES & RESPONSIBILITIES

The duties and responsibilities of the ARMC shall include the following: -

#### (A) Matters Relating to External Audit: -

- i. To consider the appointment, re-appointment, decision to not-appoint, resignation or removal of external auditors, the audit fee and any question of resignation or dismissal;
- ii. To review with the External Auditor, the audit scope and plan, including any changes to the scope of the audit plan;
- iii. To review major audit findings and Management's response during the year with Management and External Auditors, including the status of previous audit recommendations;
- iv. To set policies and procedures to assess the suitability, objectivity and independence of the external auditor;
- v. To review the non-audit services provided by the external auditor and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- vi. To review and assess each year, the suitability, objectivity and independence of external auditor;
- vii. To review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

The ARMC is satisfied that the external auditor substantially meets all the established criteria and accordingly recommends to the Board to seek shareholders' approval for its reappointment to audit the financial statements for the next financial year.

The fees paid and payable to Messrs. BDO PLT, the external auditor was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Audit fees	161.0	147.0	81.0	78.0
Non-audit fees	6.0	6.0	6.0	6.0
Over provision in prior year	-	-	-	-
<b>Total</b>	<b>167.0</b>	<b>153.0</b>	<b>87.0</b>	<b>84.0</b>

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 6. DUTIES & RESPONSIBILITIES (CONT'D)

The duties and responsibilities of the ARMC shall include the following: -

#### **(B) Matters Relating to Internal Audit function: -**

- i. To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the Committee directly and review their performance on an annual basis. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company;
- ii. Take cognizance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his/her reasons for resigning;
- iii. Review the adequacy of the internal audit scope and plan, including the internal audit programme; functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- iv. Review the internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified.

#### **(C) Matters Relating to Risk and Internal Control: -**

- i. Review the risk profile of the Group (including risk registers) and the Risk Management Team's plans to mitigate business risks as identified from time to time;
- ii. Review the adequacy and integrity, including effectiveness, of risk management and internal control systems/framework, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems; and
- iii. Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.

#### **(D) Disclosure Obligations: -**

- i. Review the quarterly results and the year end financial statements, prior to approval by the Board, focusing particularly on:
  - Changes in or implementation of major accounting policy changes;
  - Significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - Compliance with accounting standards and other legal requirements.
- ii. Prepare reports, at the end of each financial year to the Board which includes the following:
  - The composition of the Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
  - The number of Committee meetings held during the financial year and details of attendance of each Committee member;
  - A summary of the work of the Committee in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and
  - A summary of the work of the internal audit function.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 6. DUTIES & RESPONSIBILITIES (CONT'D)

The duties and responsibilities of the ARMC shall include the following: -

#### (E) Authority and Rights of the ARMC: -

The Committee shall in accordance with the procedure determined by the Board, at the expense of the company:

- i. has authority to investigate any activity within its Terms of Reference;
- ii. has the resources which are required to perform its duties;
- iii. has authority to obtain independent professional advice it considers necessary in the discharge of its responsibilities;
- iv. shall have full and unlimited access to any information pertaining to the Group;
- v. has direct communication channels with the Internal and External Auditors and with Senior Management of the Group; and
- vi. able to convene meetings with External Auditors, Internal Auditors or both excluding the attendance of executive members of the Group, whenever deemed necessary.

### 7. RETIREMENT & RESIGNATION OF ARMC MEMBER: -

#### (A) Retirement/Resignation

- i. A member of the ARMC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

#### (B) Vacancy

- i. In the event of any vacancy in the ARMC, including the election of an independent Chairman, the Company shall fill the vacancy within three (3) months.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of Innity Corporation Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries (“the Group”) which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 December 2021 pursuant to Paragraph 15.26 (b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) and the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” (“the Guidelines”).

## BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group’s risk management and internal control system to safeguard shareholders’ investment and the Group’s assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis. The Board has also received assurance from the Executive Chairman (“EC”) and Chief Financial Officer (“CFO”) that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group’s corporate objectives.

The Board, through the Audit and Risk Management Committee (“ARMC” or the “Committee”), conducts oversight on the risk management and internal control practices within the Group. The risk management requires the application of good judgement in assessing the risks faced by the Group and assessing the Group’s ability to reduce the incidence and impact of risks.

## KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group’s risk management and internal control system that have been established to facilitate the proper conduct of the Group’s businesses are described below:

### 1. RISK MANAGEMENT SYSTEM

Risk Management is regarded by the Board as an integral part of the Group’s business and firmly embedded in the Group’s culture, processes and structure of organisation. Senior management and Heads of Departments are delegated with the responsibility of managing identified risks.

The Board maintains an ongoing commitment to strengthen the Group’s risk management framework. The Group has developed an Enterprise Risk Management Framework (“ERMF”), which is guided by the ISO31000:2018 standards to facilitate the identification and assessment of the Group’s principal risks. The identified risks are incorporated into the risk register and are assessed to determine if the risk rating is Critical, High, Medium or Low. The rating process is guided by a matrix of possibility of occurrence and the associated impacts, of which both financial and non-financial consequences are duly considered. Thereafter, risk owners will drive the implementation of additional risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

### 1. RISK MANAGEMENT SYSTEM (CONT'D)

The Group has established a monitoring and reporting process to continuously identify, assess and manage the principal risks based on approved procedures for corporate disclosures. These initiatives ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives for the year under review and up to the date of approval of this statement.

#### **Audit Risk Management Committee ("ARMC")**

ARMC was established by the Board in assisting the Board to oversee the overall risk management of the Group. The ARMC serves as an oversight to the risk management process of the entire Group. Roles of the ARMC include identifying principal risks of the Group and ensuring the implementation of appropriate system to mitigate and manage these risks. The ARMC sets, where appropriate, objectives performance targets and policies to the Management Risk Committee ("MRC") to manage and mitigate the principal risks identified. MRC consists of four executive directors and a senior management personnel.

#### **Management Risk Committee ("MRC")**

The MRC was established to assist the ARMC. Representatives from the respective divisions/business units within the Group have the overall responsibility to report key risks to the attention of the MRC. The MRC is supported by a Senior Manager as the Risk Management Officer who coordinates the risk management activities of the Group.

Risk assessment is conducted on yearly basis by the ARMC together with the MRC and relevant Heads of Departments. The process involves identifying and reviewing new and existing key risks factors that affect the Group and the corresponding mitigation action plan to address them in accordance to the Group's risk appetite and tolerance defined in the ERMF. It includes update on the effectiveness of the mitigation action implemented.

The risk assessment report is presented to the MRC; for review before presentation to the members of ARMC and ultimately for endorsement by the Board.

These initiatives ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affects the achievement of its business objectives for the year under review and up to the date of approval of this statement.

Key business risks are identified and categorized to highlight the sources of risk, the severity of the risk and its effect on the Company or Group's performance and the likelihood of its occurrence. The risk assessment takes into account all aspects of the businesses and its internal control framework, the control environment and control activities, information, communication and monitoring procedures. Periodic reviews are conducted to identify new risks and a thorough assessment of the risks previously identified remains relevant.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

### 1. RISK MANAGEMENT SYSTEM (CONT'D)

#### Management Risk Committee ("MRC") (Cont'd)

As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows:

#### i) Competition in the Online Advertising Market

The online advertising market is an open market, consisting of local and foreign online advertising companies and local publishers whose deliverables are directly channeled to media buying agencies. The growing competition, especially from multinational online advertising companies, will spur INNITY's increased focus on technological development and R&D. Our enviable track record to provide one-stop solutions, as well as our strong network of online publishers and customer base will enable the Group to remain as a major player in the online advertising market.

#### ii) Dependency on Major Clients

Traditionally the top 10 clients of the individual business units within the Group contributed more than 50% of their respective revenue and the composition of their major clients varies from year to year. This is largely due to the nature of the overall advertising industry as media agencies are frequently switching varying advertisers accounts every year, and advertiser budgets generally depend on new product launches, rebranding exercises, and other marketing activities, resulting in advertising budgets of differing sizes every year.

Nevertheless, no assurance can be given that the loss of any of our Group's major clients will not materially and adversely affect our Group's business, operating results and financial position. The Group will continue to enlarge its customers base by acquiring more small and medium-sized customers to improve overall client segmentation of the Group and to mitigate the risk of over-reliance on the few major clients.

#### iii) Technologies Advancements and Developments

Our Group operates in an environment, which is subject to inherent risks due to changes in technology and customer requirements, introduction of new solutions and enhancement of existing solutions. Our Group's competitive edge depends substantially upon our ability to keep pace with technological changes to address our customers' needs.

The objective of our Group's R&D team is to maintain our Group's competitive edge over our competitors by:

- a. continuously enhancing existing technology and applications as part of continuous improvement efforts; and
- b. developing new technology for new solutions to meet greater variety of customer demand.

Nevertheless, no assurance can be given that our Group's R&D programmes will be successful in producing commercially viable new solutions or enhance existing solutions, which are within budget and on timely basis in accordance with market requirements and expectations.

Our Group aims to develop more advanced technology and solutions to provide greater benefits to clients in terms of functionality as well as usability. Our Group is committed to produce new and innovative technologies coupled with improved interactivity that provides a richer media experience to advertisers and customers.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

### 1. RISK MANAGEMENT SYSTEM (CONT'D)

#### Management Risk Committee ("MRC") (Cont'd)

As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows: (Cont'd)

#### iv) Foreign Exchange Fluctuations

Because of our overseas presence, it is in the normal course of business that most transactions would be denominated in foreign currencies. These transactions include purchase of online publishers' sites, sales to advertisers and/or media agencies and inter-group billings. As business volume increases, the Group is exposed to larger risk of foreign exchange fluctuations.

Our Group has a natural hedge system wherein all foreign subsidiary companies, while maintaining a local currency bank account, are required to open a USD Bank Account to facilitate payments and collections in USD. Also, the lion's share of transactions is denominated in USD, hence minimising the effect of foreign exchange risk.

#### v) Security and System Disruption

Operating in a high technology environment, the Group is susceptible to various security risks such as computer viruses, system disruptions, hacking and fraud. There is then a strong possibility of a complete system shutdown.

Our Advenue Platform technology resides on computer systems housed at various locations. The data back-up and recovery systems are critical to our continuing and uninterrupted performance.

#### vi) Larger Funding for Growing Business Volume

There is inevitably a mismatch in collection from clients and payments to publishers. With rising business volumes, the Group is exposed to the risk of depleting internal funds.

The Group has implemented stricter credit control procedures coupled with prompt payment incentives to clients with the objective of expediting collections. Occasionally, banking facilities have been utilised to meet any funding requirements in working capital.

#### vii) The Group Might Be Exposed to Possible Transfer Pricing Issues

The rising volume and variety of intercompany regional transactions and transfer pricing regulations, accompanied by increased enforcement activities worldwide have made transfer pricing a leading risk management issue for the Group businesses. We are in need a Full Transfer Pricing Documentation for addressing the risks that might arise within the Group.

We have consulted professional tax consultants and sought their services to ensure our compliance with the TP documentation requirements under the Malaysian transfer pricing regulatory framework, as governed by Section 140A of the Malaysian Income Tax Act 1967, the Income Tax (Transfer Pricing) Rules 2012 and Malaysian Transfer Pricing Guidelines 2012.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

### 1. RISK MANAGEMENT SYSTEM (CONT'D)

#### Management Risk Committee ("MRC") (Cont'd)

As the Group is principally involved in the online advertising business, some of the identified risks and measures to mitigate these risks are outlined as follows: (Cont'd)

#### viii) Higher Working Capital Requirement for Influencer Marketing Business

The power to influence consumer purchasing habits has been shifting from traditional public media to individual brand ambassadors. These ambassadors are defined as key opinion leaders (KOLs) and they are powerful influencers on social media platforms. These individuals or groups with large followings in relevant niches have a huge influence on purchase demands and have always been on the rise to be recruited on behalf of a brand for marketing and promotional purposes.

The Group's businesses are dynamically adapting to the above change and KOL campaigns have rapidly become the major contributor to the Group's revenue. This business trend however has developed a separate issue, i.e., higher working capital requirements to fulfill media buys from KOL as majority of the Premium KOLs and Macro KOLs would insist advance payment prior to commencement of campaigns, whereas the advertisers are normally allowed a credit term of 60 to 90 days.

We have initiated to build an online business platform for KOL, aimed at empowering both Brands and Influencers to utilize the best broadcasting channels of today to reach each other. Potential but less prominent KOLs would find this platform useful for their presence and specialties to be radiated and these KOLs are less insistent on upfront payment prior to commencement of campaigns and would normally allow credit terms ranging from 30 to 45 days. In the meantime, we hope to work out a better payment arrangement with more prominent KOLs when our online business platform has become a reputable and trusted brand name in the arena.

#### ix) Covid-19 Pandemic

The 2019 Novel Coronavirus infection ("Covid-19") pandemic escalated rapidly across the globe, the highly contagious virus has hit the global economy severely. The Covid-19 Task Force was established by ARMC, which reports to the ARMC. Roles of the Task Force include proactively managing the Covid-19 impact on the business and operations, implementing relevant measures and complying with the Standard Operating Procedures ("SOPs") issued by the National Security Council ("MKN") to prevent the Covid-19 outbreak at the workplace.

During the year, various risk assessments by functions was carried out in the areas of finance, human capital, technology facilities, corporate affairs, products development, campaign operations, business development and customer relations. Necessary control measures were undertaken to minimize the Covid-19 impact arising from the Covid-19 outbreak.

Covid-19 is still part of our daily life and continues to dominate the global landscape. The Group has adapted to the new normal and has taken advantage of this situation to improve its business prospects. ARMC will continue to assess and review the Covid-19 impact on the Group's business and has undertaken the necessary measures and precautions to mitigate its adverse impacts on the Group's businesses.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

### 1. RISK MANAGEMENT SYSTEM (CONT'D)

#### Management Risk Committee ("MRC") (Cont'd)

Whilst the Board maintains ultimate oversight control over risk and internal control matters, the development and implementation of the Enterprise Risk Management Framework and internal control systems rests with the Management. The responsibility of managing risks at each department lies with the respective Heads of Department. Periodic management meetings between the Heads of Department and Senior Management are held to highlight key risks and ways of managing the significant risks identified. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

#### Credit Committee ("CC")

The CC which consists of senior management and key personnel of the companies in the Group, was established in 2020 to assist the Board in managing the credit risks of the entire Group. The objective of the CC is to manage and improve all credit arrangements, by means of supervision on the company's credit control policies and activities which comprise the identification, assessment, monitoring and management of the company's credit risk exposure while aligning to the company's risk appetite.

The functions and responsibilities of the Committee shall include the following:

- a. determination of credit risk appetite of the Group;
- b. periodic review and update of credit control policy and procedure;
- c. credit assessment of new customer as well as the credit terms and limits to be provided to the credit customer;
- d. periodic review on the procedures and criteria of the release of credit hold;
- e. periodic review on credit risk exposure;
- f. periodic assess expected credit loss, basis in arriving at the expected credit loss, provision of doubtful debt and bad debt; and
- g. periodic evaluation on credit customer.

Meeting of the Committee shall be held on an ad-hoc basis or when required in order to exercise the powers or perform the functions or responsibilities of the Committee. Committee meetings shall be convened whenever doubt arises or in any circumstances which indicate that a meeting of the Committee may well be required.

### 2. INTERNAL CONTROL SYSTEM

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units. Key Management personnel are delegated with the responsibility to manage risks at their respective areas of responsibilities.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

#### 2. INTERNAL CONTROL SYSTEM (CONT'D)

- **Business Strategic Plan and Annual Budget**

Yearly Business Plan and Annual Budget are prepared by management and tabled to the Board for approval. The business plan will be subjected to revision based on changing market conditions affecting the achievement of the Group's business objectives. Periodic monitoring is carried out to measure actual performances against budget and to identify significant variances and devise remedial action plans.

- **Group Policies and Procedures**

Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- **Information and Communication**

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board's and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **Monitoring and Review**

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board, via the ARMC, for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

- **Human Resource Policies and Procedures**

The employees' handbook containing the Company's scheme of service and code of business conduct is accessible to all employees in the intranet. All employees are required to acknowledge the acceptance of the policies.

- **Training and Development Programmes**

Training and development programmes are established to ensure that staff are constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

#### 3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm. The internal audit function, which provides feedback regarding the adequacy and effectiveness of the Group's system of internal control, is under the purview of the ARMC.

During the financial year ended 31 December 2021, internal audits were carried out in accordance with the approved internal audit plan and the processes reviewed were disclosed in Audit and Risk Committee Report.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

#### 4. ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Management that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the financial year ended 31 December 2021, and up to the date of this Statement.

#### 5. REVIEW OF THIS STATEMENT

The external auditors have reviewed the Statement on Risk Management and Internal Control. This review was performed in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor was factually inaccurate.

### CONCLUSION

The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework. The Group's risk management process and internal control system do not apply to associates where the Group does not have full management control. The Group's interest in the associates is served through representation on the Board of Directors.

**This statement was approved by the Board of Directors on 7 April 2022.**

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (“STATEMENT”)

In ensuring continuous and sustainable growth, the Board believes in the adoption of a high standard of corporate governance that values transparency, timely disclosures and constructive communication to all its stakeholders.

The Board is pleased to present the CG Overview Statement to provide shareholders and investors with an overview of the corporate governance (“CG”) principles and best practices of the Company as laid out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021” or “the Code”) throughout the financial year under review. This statement should be read together with the Corporate Governance Report (“CG Report”) and with other statements in the Annual Report (e.g., Statement of Risk Management and Internal Control and Audit and Risk Management Committee Report) which are available on the INNITY’s website at [www.innity.com](http://www.innity.com). The CG Report provides a detailed application of the CG practices as set out in the MCCG 2021.

### A. APPLICATION OF MCCG 2021 PRACTICES

The Code’s Best Practice	Application	Explanation For Departure And Timeframe
<b>PRINCIPLE A – BOARD LEADERSHIP &amp; EFFECTIVENESS</b>		
<b>I. Board Responsibilities</b>		
1.1 The Board should set the company’s strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The Board should set the company’s values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.	Applied	Not applicable
1.2 A Chairman of the Board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board is appointed.	Applied	Not applicable
1.3 The positions of Chairman and CEO are held by different individuals.	Applied	Not applicable
1.4 The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.	Departure	The Board’s Executive Chairman is neither a member of the Nomination or the Audit & Risk Management Committees. However, he sits as a member of the Remuneration Committee ensuring incentives and benefits awarded to the Executive Directors and salaries/ bonuses for Senior Management are consistent, justifiably rewarded and commensurate with industry standards. This takes into cognizance of his deep understanding of the industry practices for remuneration to attract and to retain talent. To ensure proper check and balance, the remuneration committee shall be comprised of a majority of independent directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice	Application	Explanation For Departure And Timeframe	
<b>PRINCIPLE A – BOARD LEADERSHIP &amp; EFFECTIVENESS (CONT'D)</b>			
<b>I. Board Responsibilities (Cont'd)</b>			
1.5	The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.	Applied	Not applicable
1.6	Directors receive meeting materials which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	Applied	Not applicable
2.1	<p>The Board has a Board Charter which is periodically reviewed and published on the company's website. The Board Charter clearly identifies: -</p> <ul style="list-style-type: none"> <li>• the respective roles and responsibilities of the Board, Board committees, individual directors and management; and</li> <li>• issues and decisions reserved for the Board</li> </ul>	Applied	Not applicable
3.1	<p>The Board establishes a Code of Conduct and Ethics for the company and together with management implements its policies and procedures which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.</p> <p>The Code of Conduct and Ethics is published on the company's website.</p>	Applied	Not applicable
3.2	The Board establishes reviews and together with management implements policies and procedures on whistleblowing.	Applied	Not applicable
4.1	<p>The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.</p> <p>The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.</p> <p>Strategic management of material sustainability matters should be driven by senior management.</p>	Applied	Not applicable

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice	Application	Explanation For Departure And Timeframe	
<b>PRINCIPLE A - BOARD LEADERSHIP &amp; EFFECTIVENESS (CONT'D)</b>			
<b>I. Board Responsibilities (Cont'd)</b>			
4.2	The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.	Applied	Not applicable
4.3	The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.	Applied	Not applicable
4.4	Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.	Applied	Not applicable
4.5	<b>Step Up:</b> The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.	Not Adopted	The Board will need some time to identify a suitable person who has the requisite knowledge in sustainability management as well as reporting before embarking on such step up. If training is required, it will take time for such development.
<b>II. Board Composition</b>			
5.1	The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.	Applied	Not applicable

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice	Application	Explanation For Departure And Timeframe
<b>PRINCIPLE A - BOARD LEADERSHIP &amp; EFFECTIVENESS (CONT'D)</b>		
<b>II. Board Composition (Cont'd)</b>		
5.2	At least half of the Board comprises independent directors. For <b>Large Companies</b> , the Board comprises a majority of independent directors.	<p><b>Explanation:</b> he Board is putting every effort in getting suitable candidates who could meet the objective criteria, merit and with due regard for diversity in skills, experience and background to sit as Independent Directors on the Board.</p> <p><b>Timeframe:</b> While efforts are being made the timeframe will depend on whether suitable candidates can be found which will match to our skills, diversity, experience and independence matrix needs and whether identified candidates will accept our appointment.</p>
5.3	The tenure of an independent director does not exceed a term limit of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director.  If the Board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.	Applied  Not applicable
5.4	<b>Step Up:</b> The Board has a policy which limits the tenure of its independent directors to nine (9) years without further extension.	Not Adopted  Not able to adopt until we can fulfil our goal of achieving a majority of directors as independent directors in the Board. In the interim, we will try to appoint a new independent director replacement when an independent director 9 years tenure is due but if no suitable candidates are identified, the board will recommend extension with the shareholders through a 2 tier voting process.
5.5	Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.  Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.	Applied  Not applicable

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice	Application	Explanation For Departure And Timeframe
<b>PRINCIPLE A - BOARD LEADERSHIP &amp; EFFECTIVENESS (CONT'D)</b>		
<b>II. Board Composition (Cont'd)</b>		
5.6 In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing directors, management or major shareholders. The board utilizes independent sources to identify suitably qualified candidates.  If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.	Applied	Not applicable
5.7 The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.	Applied	Not applicable
5.8 The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.	Applied	Not applicable
5.9 The board comprises at least 30% women directors.	Departure	Currently, the board is sourcing a suitably qualified candidate through an independent source and recommendations from existing directors. It is expected to complete the appointment of a female director before 1 June 2023. Nevertheless, the board will continue to identify more female candidates who meet the qualifications, qualities and standards that commensurate with the Group's requirements to achieve the 30% target.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice	Application	Explanation For Departure And Timeframe
<b>PRINCIPLE A - BOARD LEADERSHIP &amp; EFFECTIVENESS (CONT'D)</b>		
<b>II. Board Composition (Cont'd)</b>		
5.10	The board discloses in its annual report the company's policy on gender diversity for the board and senior management.	<p>The Group does not have a diversity policy for the board, senior management and its workforce in terms of gender, race, age or religion.</p> <p>The Board views that the appointment of new board members will not solely be guided by gender but rather the skills, knowledge and experience of the newly-appointed director.</p> <p>The Board takes cognizance of the importance of having female representation on the board and senior management and is taking steps to identify women who meet the qualifications, qualities and standards that commensurate with the Group's requirements.</p>
6.1	<p>The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.</p> <p>For Large Companies, the board engages independent experts at least every three years, to facilitate objective and candid board evaluations.</p>	<p>Departure</p> <p>Applied</p> <p>Not applicable</p>
<b>III. Remuneration</b>		
7.1	The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.	<p>Applied</p> <p>Not applicable</p>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation For Departure And Timeframe
<b>PRINCIPLE A - BOARD LEADERSHIP &amp; EFFECTIVENESS (CONT'D)</b>			
<b>III. Remuneration (Cont'd)</b>			
7.2	The board has a Remuneration Committee to implement its policies and procedures including reviewing and recommending matters relating to the remuneration of board and senior management. The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.	Applied	Not applicable
8.1	There is a detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits-in-kind and other emoluments.	Applied	Not applicable
8.2	The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	Applied	Not applicable
8.3	<b>Step Up:</b> Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	Not Adopted	Not applicable
<b>PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT</b>			
<b>I. Audit Committee</b>			
9.1	The Chairman of the Audit and Risk Management Committee ("ARMC") is not the Chairman of the Board.	Applied	Not applicable
9.2	The ARMC has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.	Applied	Not applicable
9.3	The ARMC has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.	Applied	Not applicable
9.4	<b>Step Up:</b> The Audit Committee should comprise solely of Independent Directors.	Applied	Not applicable

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice	Application	Explanation For Departure And Timeframe	
<b>PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)</b>			
<b>I. Audit Committee (Cont'd)</b>			
<p>9.5 Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p>	Applied	Not applicable	
<b>II. Risk Management and Internal Control Framework</b>			
10.1	The Board should establish an effective risk management and internal control framework.	Applied	Not applicable
10.2	The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.	Applied	Not applicable
10.3	<b>Step Up:</b> The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.	Adopted	The ARMC comprises solely independent directors to oversee the risk management and its policies.
11.1	The ARMC should ensure that the internal audit function is effective and able to function independently.	Applied	Not applicable
11.2	The Board should disclose:- <ul style="list-style-type: none"> <li>a. whether internal audit personnel are free from any relationships and conflicts of interest which could impair their objectivity and independence;</li> <li>b. the number of resources in the internal audit department;</li> <li>c. name and qualification of the person responsible for internal audit; and</li> <li>d. whether the internal audit function is carried out in accordance with a recognised framework.</li> </ul>	Applied	Not applicable

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. APPLICATION OF MCCG 2021 PRACTICES (CONT'D)

The Code's Best Practice		Application	Explanation For Departure And Timeframe
<b>PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS</b>			
<b>I. Engagement with Stakeholders</b>			
12.1	The Board ensures there is effective, transparent and regular communication with its stakeholders.	Applied	Not applicable
12.2	<b>Large companies</b> are encouraged to adopt integrated reporting based on a globally recognised framework.	Not applicable	Not applicable
<b>II. Conduct of General Meetings</b>			
13.1	Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	Applied	Not applicable
13.2	All directors attend General Meetings. The Chair of the Nomination, ARMC and other committees provide meaningful response to questions addressed to them.	Applied	Not applicable
13.3	Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate: - <ul style="list-style-type: none"> <li>voting including voting in absentia; and</li> <li>remote shareholders' participation at General Meetings</li> </ul> Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.	Applied	Not applicable
13.4	The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company financial and non-financial performance as well as the company's long-term strategies. Shareholders should also provide with sufficient opportunity to pose questions during the general meeting and all questions should receive a meaningful response.	Applied	Not applicable
13.5	The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the require infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.	Applied	Not applicable
13.6	Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.	Applied	Not applicable

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### PART I - BOARD RESPONSIBILITIES

#### Strategic Aim, Value and Standard

The Board assumes full responsibility for long-term sustainability of the Group through effective stewardship and application of corporate governance best practices.

In discharging its fiduciary duties and overall leadership functions, the Board delegates some authorities to the key members of Senior Management to facilitate effective day to day management of business, providing leadership and guidance by working with the Senior Management in mapping out the strategic direction of the Group, ensuring the effective use of resources to meet its objectives while exercising oversight on management's performance.

The Board Committees, comprising the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee, with authority, the Group's affairs, as laid out in the respective Terms of Reference. At each Board meeting, the Chairman of the relevant Board Committees report on key matters deliberated by the Board Committees at their respective meetings.

Key matters reserved for the Board's approval include the annual business plan and budget, capital and risk management, investment policies, authority/discretionary powers, issue of new securities, business restructuring, dividend policy, capital expenditure or operating expenditure exceeding authorised limits, material acquisitions and disposal of assets.

The Board regularly reviews the progress on the financial performance and strategic plan, ensuring effective risk management and control in all aspects of the Group's business.

#### Chairman

The Group is headed by an Executive Chairman, Mr. Phang Chee Leong, who is one of INNITY's principal founders. The Chairman has an important role in leading overall functioning of the Board so that the Board and Board Committees can perform its responsibilities effectively.

The Chairman is responsible for:

- Setting the agenda for Board meetings with a focus towards the Group's performance, strategic direction and good governance practices;
- Ensuring clear and relevant information are provided when key matters are deliberated at Board meetings;
- Acting as a facilitator at Board meetings to ensure key matters presented by the relevant Board Committees are addressed, resolved and sanctioned by the Board;
- Maintaining ongoing dialogue and cordial relationship of trust with and between the Directors and Management;
- Providing leadership for the Board so that the Board can perform its responsibilities effectively; and
- Leading the Board in the adoption and implementation of good corporate governance practices in the Company and the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### **Separation of the Position between Chairman and Chief Executive Officer (“CEO”)**

The positions of Chairman (designated as Executive Chairman) and CEO (designated as Managing Director) are held by different individuals.

The roles and responsibilities of the Executive Chairman and Managing Director are clearly differentiated between the strategy and policy-making process and daily management of the Group. This is to ensure clarity of responsibilities and accountability between two individuals such that no one individual has unfettered powers over decision making.

##### **Qualified and Competent Secretary**

The Board is ably supported by three (3) Company Secretaries. The Company Secretaries namely, Ms. Fong Seah Lih, Ms. Wong Wai Foong and Ms. Tham Yin Tong are externally appointed.

The Company Secretaries are well qualified Chartered Secretaries and possess the requisite knowledge, experience and all-round exposure in their respective role as Company Secretary for public listed companies in other sectors of the economy.

Apart from rendering secretarial services to public listed entities, the Company Secretaries provide relevant advice on corporate governance, update the Board on the latest security regulations with respect to corporate disclosures and compliance as set out by external regulators to keep the Board abreast with updated rules and regulations.

##### **Access to Information and Advice**

The agenda for Board meetings and a complete set of Board papers and preceding Board minutes containing information relevant to the meeting agenda are circulated to all Directors at least seven (7) calendar days prior to the meeting. Board members are therefore, given sufficient time to go through the Board papers thoroughly.

All Directors have access to all information within the Group. To facilitate discussions on operational issues, such as changes on operating procedures and human resource issues, the Directors may interact directly with the management requesting for further clarification, information or updates.

In addition, the Directors may seek independent professional advice at the Group's expense, on specialised issues to enable them to discharge their duties with adequate knowledge of the issues being deliberated.

##### **Board Charter**

The Board Charter is reviewed and updated from time to time, as deemed necessary, to keep abreast of statutory revisions in corporate governance best practices to ensure its relevance and effectiveness.

Any amendments made during the year will be disclosed in the following year's Corporate Governance Overview Statement.

The Board Charter is available on the Company's website at [www.innity.com](http://www.innity.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### **Business Code of Conduct (“COC”)**

A Business Code of Conduct (“COC”) has been formalised to reflect the Group’s vision and core values of integrity, teamwork, learning and performance.

The COC constitutes the primary behaviour guide for the Company’s employees. It incorporates the basic standards of ethical legal behaviour emphasising INNITY’s commitment, as a corporate family to ethics and compliance with the law. The COC is also a preventive tool to help prevent and detect violations of the Company’s policies and the law.

The COC is available on the Company’s website at [www.innity.com](http://www.innity.com).

##### **Whistle-Blowing**

The Board has adopted a Whistle-Blowing Policy for the Group as a measure against any form of fraudulent or criminal act. The Whistle-Blowing Policy outlines its governing principles, the reporting channels available to the whistle-blower, the initiation, investigation, follow-up phases and remedial or consequent action taken.

Employees who have reasonable belief that there is serious misconduct relating to any matter disclosed, may direct the complaint to the Chairman and a member of ARMC. Management will ensure the employee who raises a genuine complaint in good faith shall not be penalised for such disclosure and such complaint shall be kept confidential.

In relation to whistle-blowing, a policy was developed in FY2016 which sets out the principles and grievance procedures for any individual to report any suspected or actual misconduct/wrongdoing perpetrated within the Group. This policy, under the purview of the Group Risk Management Committee (“GRMC”) not only covers possible improprieties but also include:

- A) Corruption/bribery;
- B) Fraudulent representation;
- C) Fraudulent business dealings;
- D) Asset misappropriation;
- E) Other criminal offences such as blackmail;
- F) Miscarriage of justice;
- G) Non-compliance of legal or regulatory obligations;
- H) Endangerment of an individual’s health and safety; and
- I) Concealment of any or a combination of the above.

Details of the Whistle-Blowing Policy is available on the Company’s website at [www.innity.com](http://www.innity.com).

In brief, the Whistle-Blowing Policy outlines its governing principles, the reporting channels available to the whistle-blower, the initiation, investigation, follow-up phases and remedial or consequent action taken.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### Anti-Bribery and Corruption

INNITY's aversion to corruption, bribery or other improper payments in any of its business operations has prompted the Board to develop and adopt the Anti-Bribery and Corruption Policy. The policy acts a deterrent to commit bribery and corruption violations which are punishable by law. It is also an initiative to protect investors' interest as well as to effectively manage bribery and corruption risk. The policy was drafted in compliance with Section 17A (5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, Paragraph 15.28(1)(a)(i) of the Listing Requirements pertaining to the Anti-Money Laundering Act ("AMLA") in full support of the National Anti-Corruption Plan (2019-2023).

A Corruption Risk Profile was developed, the risk response and action plan was identified and ongoing control will be implemented and enhanced in managing corruption risks. The Anti-Bribery and Corruption measures implemented will not only promote better governance culture and ethical behaviour within INNITY, but will also provide greater accountability and transparency to investors.

The Anti-Bribery and Corruption Policy is available on the Company's website at [www.innity.com](http://www.innity.com).

##### Governing Sustainability

The Board is ultimately responsible for ensuring that sustainability is integrated into strategic direction of INNITY and its operations. In order to ensure the Board is kept abreast on sustainability issues which are relevant to INNITY's business and operations, a sustainability framework has been established to focus on the long-term preservation and enhancement of the social, economic and environmental ("EES") factors. The approaches in ensuring sustainability management and business process that have been taken by the Group are set out in INNITY's standalone Sustainability Statement which can be found in this INNITY's Annual Report.

##### Sustainability Risk and Opportunity

With challenging externalities, environmental, social and governance (ESG) considerations have been thrust forward as core pilot strategies in resetting business models and propelling long term value creation. The challenging externalities are driving investors to prioritise ESG factors in their investment decisions.

To embrace sustainability in the Group's business and create long term value, the Board together with senior management have implemented a blueprint consisting of the Group's strategy, business plan, risk management and compliance in setting a vision of creating multiple digital advertising platforms through product Innovation and business models aligned with sustainability trends. This blueprint will be reviewed to look into climate change risk and opportunities to further enhance the sustainability framework. However resources will need to be planned before such review can be adopted. The Board is tasked with continuously addressing group ESG risk, strategic focus on ESG as well as identifying business opportunities for the group. The Group's sustainability strategy, business plan and targets as well as performance against these targets are communicated to the internal and external stakeholders.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II -BOARD COMPOSITION

##### Board Composition

The Board consists of eleven (11) Directors, comprising nine (9) principal Directors and two (2) alternate Directors. The nine (9) principal Directors comprised:

- One (1) Executive Chairman;
- One (1) Managing Director;
- Two (2) Executive Directors;
- Three (3) Independent Non-Executive Directors; and
- Two (2) Non-Independent Non-Executive Directors.

The present composition of the Board is in compliance with Rule 15.02 of the ACE Market Listing Requirements ("AMLR"). The Board is aware of the importance of independence in relation to the decision-making process. An effective Board is able to exercise objective business judgment on corporate affairs with frank and unbiased views from its independent directors whose roles are to act in the Company's best interest.

##### Tenure of Independent Director

As the date of this Statement, a sole independent director namely, Shamsul Ariffin Bin Mohd Nor has served a cumulative term limit exceeding twelve (12) years on the Board.

Annual shareholders' approval was sought at the Annual General Meeting (AGM) to retain the independent director through a two-tier voting process at the AGM held on 4 June 2021. Independent directors seeking re-election are supported by disclosures as to why the Board endorsed their re-appointments. The disclosures are verbally explained to shareholders at the Company's AGM prior to formal voting.

Before seeking re-election, the Nomination Committee conducted an assessment on Shamsul Ariffin Bin Mohd Nor and concluded he has fulfilled the criteria under the definition of Independent Director under the AMLR, that he is able to discharge his duties with impartiality and unbiased judgment.

In any event the Company will comply with the Malaysian Code of Corporate Governance (MCCG) 2021 guidelines of not having any independent directors with a tenure of more than 12 years by 1 June 2023 and if such directors are re-appointed they will be designated as non-independent directors.

##### Diverse Board and Senior Management Team

The Board acknowledges the importance of diversity in terms of skills, experiences, age, cultural background as well as gender in leading the Board and Board Committees.

In evaluating potential candidates, the Group does not have a diversity policy for its workforce in terms of gender, ethnicity and age. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merit and are not driven by any racial, age or gender bias. In identifying appointment of directors and senior management, the Board will source the candidates through external job portals and recommendations from board directors.

The Board shall endeavor to increase female representation on the Board and Senior Management if there are appropriate candidates available to fill vacancies when it arises.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II -BOARD COMPOSITION (CONT'D)

##### Nomination Committee

The Nomination Committee is tasked with making suitable recommendations to fill vacancies on the Board and its various Committees. This ensures that the appointed Directors bring to the Board, a mix of skills and expertise necessary to meet the requirements of corporate stewardship.

To alleviate the perception of bias in the selection of candidates, the Nomination Committee is open to recommendations or suggestions from external sources such as professional associations and executive search agencies for this purpose.

Apart from the above, the Nomination Committee also assists the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors headed by Mr. Fung Kam Foo, an Independent Non-Executive Director, as Chairman.

The Committee's composition allows it to deliberate and act independently of the Board on such matters as:

- a. The annual review of the Board's effectiveness;
- b. Assess each Director's performance and training needs; and
- c. Spearhead succession planning and appointment of Board members.

##### **Chairman**

Mr. Fung Kam Foo (*Independent Non-Executive Director*)

##### **Members**

Encik Shamsul Ariffin Bin Mohd Nor (*Independent Non-Executive Director*)

Mr. Cheong Chee Yun (*Independent Non-Executive Director*)

The Committee held one (1) meeting during the financial year ended 31 December 2021. During the meeting, the Committee: -

- i. Reviewed and assessed the performance and effectiveness of the Board of Directors and the respective Board Committees as a whole for the year 2021. The respective contribution(s) of each individual Director to the Company were also appraised;
- ii. Assessed, reviewed, considered and recommended, at the next AGM, Board members due for re-election, re-appointment of new Director(s) who came on board during the preceding year;
- iii. Assessed the independence of the Independent Non-Executive Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years and recommended the proposed continuation of their services in accordance with MCCG 2021;
- iv. Evaluate the suitability of new Board appointments recommended to the Board to fill vacancies on the Board.

The Terms of Reference of the Nomination Committee is available at the Company's website at [www.innity.com](http://www.innity.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II -BOARD COMPOSITION (CONT'D)

##### Nomination Committee (Cont'd)

###### Annual Evaluation

Vested with the responsibility of evaluating the effectiveness of the Board, Board Committees and individual directors and Key Senior Officers, a formal and objective evaluation of each individual director, based on Self and Peer assessment, is conducted by the Nomination Committee annually.

The evaluation of the Board, Board Committees and individual Directors' effectiveness was conducted internally, facilitated by the Company Secretary. The evaluation process was carried out using questionnaires that were modelled on Self and Peer rating assessment. The evaluation was administered by the Company Secretary.

Each Director furnishes to the Board a self-assessment of his performance during the course of the financial year. An objective assessment by each Director on the performance of each of his peers is also submitted to the Board for adjudication and levelling. The assessment included whether each Director, when addressing various issues, was able to exercise independent judgment, when challenged on his point of view, while still acting in the Company's best interest.

The Board is satisfied with the time commitment and level of effective participation given by the Directors as espoused in the Code, towards fulfilling their roles and responsibilities. The Board has also drawn up a "Fit and Proper" policy to enhance the evaluation of all Directors to ensure that all of them measure up to the standards expected in terms of integrity, independence and professionalism. This policy is expected to be adopted in April 2022.

###### Board Commitment

During the financial year, six (6) meetings were held. Details of the Directors' attendance are as follows:

Director	Number of Board Meetings Attended
Mr. Phang Chee Leong	6/6
Mr. Looa Hong Tuan	5/6
Mr. Wong Kok Woh	6/6
Mr. Seah Kum Loong	6/6
Mr. Gregory Charles Poarch	6/6
Mr. Michihiko Suganuma	6/6
En. Shamsul Ariffin Bin Mohd Nor	5/6
Mr. Cheong Chee Yun	6/6
Mr. Fung Kam Foo	6/6

###### Re-election of Retiring Directors

In accordance with the Companies Act 2016 and the Constitution of the Company, one-third (1/3) of the Directors, including the Executive Chairman, shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II -BOARD COMPOSITION (CONT'D)

##### Nomination Committee (Cont'd)

##### **Re-election of Retiring Directors (Cont'd)**

Directors who are appointed by the Board in the course of the year shall be subject for re-election at the next AGM to be held following their appointments.

Pursuant to Clause 76 of the Company's Constitution, Phang Chee Leong, Cheong Chee Yun and Shamsul Ariffin Bin Mohd Nor are subject to retirement by rotation at the forthcoming Fifteenth AGM and they have expressed their willingness to seek for re-election at the Fifteenth AGM.

##### **Directors' Training**

The Board views the importance of continuing education for its Directors seriously, ensuring they are well informed and are equipped with the requisite skills and knowledge to meet the various challenging issues to be deliberated by the Board. A budget for Directors' continuing education has been set aside annually by the Company.

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by Bursa Malaysia Berhad approved training organisers in compliance with the Bursa Listing Requirement.

The following Directors listed in the table have attended relevant training programmes, webinars, dialogue sessions and briefings organised by regulatory authorities and professional bodies: -

	<b>Name of Director</b>	<b>Name of programme</b>	<b>Date</b>
1.	Phang Chee Leong	Investment Opportunities In a Post Covid-19 Pandemic World	14 December 2021
2.	Looa Hong Tuan	Understanding Financial Statements for Better Decision – Making Post COVID-19	12 March 2021
3.	Wong Kok Woh	Comprehensive Tax Updates	6 September 2021
4.	Seah Kum Loong	Comprehensive Tax Updates	6 September 2021
5.	Shamsul Ariffin Bin Mohd Nor	Comprehensive Tax Updates	6 September 2021
6.	Michihiko Sukanuma	Ad World IAB Brand Disruption Summit	27 to 29 October 2021 8 to 10 November 2021
7.	Fung Kam Foo	Board Dynamics Bootcamp	26 to 28 October 2021
8.	Gregory Charles Poarch	Market Outlook 2021: Pathway to recovery	13 January 2021

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### Nomination Committee (Cont'd)

##### Directors' Training (Cont'd)

The following Directors listed in the table have attended relevant training programmes, webinars, dialogue sessions and briefings organised by regulatory authorities and professional bodies: -  
(Cont'd)

	Name of Director	Name of programme	Date
9.	Cheong Chee Yun	Implementing amendments in the Malaysia Code of Governance	1 June 2021
		MIA Webinar Series -Chapter 10: Computation of Percentage Ratios	22 June 2021
		Compensation For Termination Of Contract & The Consequential Tax Treatment.	23 June 2021
		Webinar-Tax Treatment of Financing Expenses: Interest, Guarantee Fee & Other Related Expenses.	1 July 2021
		Webinar- Journey of The Digital Transformation	2 July 2021
		MNES-How to Benchmark and Document FY20 Transfer Pricing Report	7 July 2021
		Launch of the 2020 Malaysian Board Practices Review Report	8 July 2021
		Smart Machinery Technology Forum	8 July 2021
		Bar In Civil & Tax Matters	9 July 2021
		ESG Reporting Health Check - Webinar	22 July 2021
		Business Transformation Post Covid	4 August 2021
		E-signatures and digital signatures in Malaysia	5 August 2021
		Voluntary Disclosure In Customs & Tax Matters: Protecting Your Rights	30 September 2021
		Webinar on Related Party Transaction - Why Do They Matter?	13 to 14 October 2021
		ICDM Post-Budget PowerTalk	9 November 2021
		Budget : A Prelude To A More Aggressive Tax & Customs Audits	17 November 2021

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III - REMUNERATION

##### Remuneration Committee

The Board has established a Remuneration Committee ("RC") to make recommendations to the Board on all aspects of remuneration for the Executive Directors and Non-Executive Directors.

The present composition of the Remuneration Committee consists of two (2) Independent Non-Executive Directors and one (1) Executive Director: -

##### **Chairman**

Mr. Fung Kam Foo (*Independent Non-Executive Director*)

##### **Members**

Mr. Phang Chee Leong (*Executive Chairman*)

Encik Shamsul Ariffin Bin Mohd Nor (*Independent Non-Executive Director*)

The Committee meets at least once a year. Additional meetings can be convened if it is necessary by the Chairman.

The Committee held one (1) meeting during the financial year ended 31 December 2021.

##### Remuneration Policy

An appropriate remuneration policy is critical to attract, retain and motivate individuals of the highest calibre to drive the long-term success of the Group.

At INNITY, the development of this policy framework, structured to link rewards to individual and corporate performance, is guided by market norms and industry practice. This framework is the purview of the Remuneration Committee and is shaped by the following underlying principles:

- a. Consistency with Group strategy and business objectives;
- b. Competitive with remuneration policies of competing companies; and
- c. Compliance with Company values.

The Remuneration Committee makes recommendations to the Board on all elements of the remuneration, terms of employment, reward structure, and fringe benefits for the Executive Directors, Senior Management and Non- Executive Directors.

Besides salaries, allowances, benefits-in-kind and bonuses, the remuneration package of Executive Directors and Senior Management includes employees' share options as an added incentive. In addition, Non-Executive Directors are remunerated through fixed director's fees and meeting allowances. The remuneration and incentives provided for Independent Directors are not in conflict with their obligations in bringing objectivity and independence on matters discussed.

The level of remuneration reflects the depth of experience and level of responsibilities undertaken by the individual Non-Executive Director concerned. In any event, fees payable to Non-Executive Directors are determined by way of benchmarking with competing organisations.

The Terms of Reference of the Remuneration Committee and the Remuneration Policy and Procedures can be viewed on the Company's website at [www.innity.com](http://www.innity.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III - REMUNERATION (CONT'D)

##### Remuneration Policy (Cont'd)

The Remuneration Committee shall recommend to the Board the remuneration and entitlement of all Directors (including the Executive Chairman) and the Board will decide based on the recommendations of the Remuneration Committee. The approval for directors' remuneration rests with the Board as a whole with the Directors abstaining from voting and deliberating on decisions in respect of their own remuneration package.

The remuneration paid or payable to Directors for the financial year ended 31 December 2021 are as follows:

Group (in RM)	Salary	Fees	Bonus	Other Emoluments*	Total
<b>Non-Executive Directors: -</b>					
Fung Kam Foo	-	42,000	-	4,500	46,500
Shamsul Ariffin Bin Mohd Nor	-	42,000	-	4,500	46,500
Cheong Chee Yun	-	42,000	-	4,500	46,500
Gregory Charles Poarch	-	-	-	-	-
Michihiko Suganuma	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>126,000</b>	<b>-</b>	<b>13,500</b>	<b>139,500</b>
<b>Executive Directors: -</b>					
Phang Chee Leong	530,760	211,360	44,730	71,339	858,189
Looa Hong Tuan	617,060	-	39,340	63,575	719,975
Wong Kok Woh	303,720	-	12,905	44,100	360,725
Seah Kum Loong	277,200	-	11,800	40,908	329,908
<b>TOTAL</b>	<b>1,728,740</b>	<b>211,360</b>	<b>108,775</b>	<b>219,922</b>	<b>2,268,797</b>

\* Other emoluments include allowances, Employee Provident Fund contributions, Employment Insurance System contributions and social security contributions by the Company/the Group.

The remuneration (comprising salary, bonus, benefits in-kind and other emoluments) paid to the top five (5) senior management staffs of the Group, categories into bands of RM50,000, for the financial year under review, are as follows:

Name	RM300,000 to RM350,000	RM350,001 to RM400,000	RM400,001 to RM450,000	RM550,001 to RM600,000	RM600,001 to RM650,000
Lim Kai Hian					✓
Lee King Huat				✓	
Gabriel Joaquin D.Zosa			✓		
Simon Ong		✓			
Fitriyani Afini	✓				

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### C. PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I - AUDIT COMMITTEE

##### Audit and Risk Management Committee

The Board has established an Audit Committee on 21 May 2009 and subsequently renamed it as the Audit and Risk Management Committee ("ARMC") on 29 May 2014.

The ARMC is tasked with oversight of the financial reporting process, internal and external audit process, issues pertaining to internal control and risk management. Its objective is to assist the Board of Directors in fulfilling its fiduciary duties.

Presently, the ARMC comprises three (3) members of the Board, who are all independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board.

The Terms of Reference of the ARMC, composition and summary of activities are found on the Company's website at [www.innity.com](http://www.innity.com).

The activities of the ARMC during the year are described in the Audit and Risk Management Committee Report on page 38 to 39.

#### PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

##### Risk Governance

The Board recognises the importance of establishing an effective risk management and internal control framework in achieving the Group's strategic objectives and to ensure long-term sustainability of the business. The Board has established an Enterprise Risk Management Framework ("ERMF") which assists all operational levels in achieving the Company's strategic objectives by adopting a systematic approach to evaluating and improving the effectiveness of risk management and control.

The Audit Risk Management Committee ("ARMC"), established by the Board, has oversight of the risk management process. The ARMC oversees the successful implementation of the framework by setting, where appropriate, objective performance targets and policies to the Management Risk Committee ("MRC") to manage and mitigate the principal risks identified. MRC consists of four executive directors and a senior management personnel.

The Senior Manager in the MRC is the Risk Management Officer/Coordinator, and key personnel from companies in the Group. Representatives from the respective divisions/business units within the Group are tasked with reporting key risks to the Risk Management Officer/Coordinator for the attention of the MRC.

Risk assessment is conducted on yearly basis by the ARMC together with the MRC and relevant Heads of Departments. The process involves identifying and reviewing new and existing key risks factors that affect the Group and assessment the level of corresponding mitigation action plan to address them in accordance with the Group's risk appetite and tolerance defined in the ERMF. It includes updates on the effectiveness of the mitigation action implemented.

The Risk Management framework entails identifying and reviewing existing and potential key risk factors afflicting or may likely affect the Group's businesses. The ARMC meets periodically with the Risk Management Officer/Coordinator to deliberate on the identified risks. These identified risks are managed and mitigated through an action plan developed by the MRC which will be sanctioned by the ARMC for the Board's endorsement.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### C. PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

##### Risk Governance (Cont'd)

The Statement on Risk Management and Internal Control, as set out in page 43 to page 50, provides an overview on the state of risk management and internal control within the Group.

##### Internal Audit

The internal audit function, which provides feedback on the adequacy and effectiveness of the Group's system of internal control, is under the purview of the ARMC.

The Group's internal audit function is outsourced to an independent professional service provider firm namely, Resolve IR Sdn Bhd ("RIRSB").

As a corporate member of the Institution of Internal Auditors, Malaysia ("IIAM") RIRSB is free from any relationship or conflict of interest, which could impair its objectivity and independence. RIRSB is adequately resourced and staffed with persons having the relevant qualification and experience. In addition, the firm also identifies and provides relevant training and development to its staff to ensure that their technical knowledge and skill sets remain current and relevant.

During the financial year ended 31 December 2021, RIRSB has undertaken independent and systematic review on the systems of internal control of the operating units within the Group and has provided reasonable assurance that such systems would continue to operate effectively, and in compliance with the Group's established policies and procedures. The work undertaken is guided by the International Professional Practices Framework on Internal Auditing that is promulgated by the Institute of Internal Auditors.

RIRSB reports directly to the ARMC and findings of the internal audits, including recommended corrective actions, were presented to the ARMC on a quarterly basis. In addition, follow up reviews were conducted to ensure that corrective actions have been implemented on a timely manner.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' value. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework. The Board will continue to further enhance and integrate sustainability factors into the risk management framework.

The Group's risk management process and internal control system do not apply to associate companies where the Group does not have full management control. The Group's interest in the respective associate companies is served through representation on the Board of Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### C. PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

##### Relationship with the External Auditors

The Board maintains, via the ARMC, an active, transparent and professional relationship with the Group's external auditors. The ARMC works closely with the senior audit partner, assigned to act as the key representative and liaison, overseeing the relationship of INNITY Group with the external auditors. At least 2 meetings are held to discuss the audit plan, audit findings and the Group's financial statements. From time to time, the external auditors highlight to the ARMC and the Board on matters that require the ARMC and Board's attention and action. A private session between the ARMC and external auditors was also held to provide opportunity to bring matters of concerns to the ARMC. There were no concerns raised that may have an impact onto the internal control systems or the financial disclosures.

The ARMC has put in place a set of criteria to assess the suitability and independence of external auditors.

Briefly, these are:

- a. Adequacy of resources, qualifications and service quality of the External Audit team;
- b. Global presence in the Group's existing business units;
- c. Possess a stringent audit framework and programme to uncover major audit issues (if any);
- d. Strict enforcement of applicable auditing and accounting standards;
- e. Experience in offering practicable solutions when faced with problematic issues;
- f. Able to communicate effectively with top and middle management; and
- g. Independent but strong and cordial relationship with auditee companies.

During the financial year under review, the ARMC was satisfied with the suitability and performance of the external auditors in terms of the quality of services rendered, their objectivity, independence and professionalism with respect to the Company and the Group, in accordance with the Bye-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. In addition, to the best knowledge of the ARMC, the provision of non-audit services by the external auditors during the year did not compromise the external auditors' independence.

As and when necessary, the external auditors are invited to attend the Company's Annual General Meeting/Extraordinary General Meeting and are obliged to answer any questions from shareholders on the conduct of the statutory audit, contents of the Annual Audited Financial Statements as well as any corporate exercise(s) undertaken by the Group where the external auditors are involved.

The services provided by the external auditor include statutory audit and non-statutory audit services. The terms of engagement for the statutory audit and non-audit services rendered by the external auditor are designed to ensure that such services do not impair the external auditors' independence or objectivity. As evidence of this, the amount of non-audit fees paid were not significant as compared to the total fees paid to the external auditors for the financial year under review.

The activities of the ARMC during the year are described in the Audit and Risk Management Committee Report in this Annual Report (page 38 to 39).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### D. PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### PART I - COMMUNICATION WITH STAKEHOLDERS

The Board values transparency and accountability to its shareholders, media personnel and investors.

The Company reaches out to these stakeholders through timely disclosures via various public announcements, organising investor briefings, analyst and media briefings and issuance of the Annual Report.

The Annual Report, being a key source of information available to each shareholder, contains easy and comprehensive details on the progress of the business, the financial performance of the Company and Group and various other corporate information relevant to shareholders. The Company's shareholders and investors can also obtain general information of the Company through its website.

Updates on the Company's financial performance are also provided through quarterly financial reports announced via Bursa Link.

#### PART II - CONDUCT OF GENERAL MEETING

Currently, the General Meetings are the principal forum for dialogues with the shareholders and investors. At each General Meeting, the Board presents the progress and performance of the Group and/or Corporate Proposals of the Company and shareholders are encouraged to participate in the question and answer sessions. Informal discussions between the Directors, senior management staff and the shareholders and investors are always encouraged before and after the General Meeting.

Notice of the AGM, the Annual Report and relevant circulars are sent out to shareholders at least twenty-eight (28) days before the date of the meeting.

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate and to raise questions about the resolutions being proposed and about the Group's operations in general. Executive Directors and, where appropriate, the Chairman of the various Board Committees are available to respond to shareholders' questions during the meeting.

#### Our Priorities and Focus Areas in FY2022

INNITY's priority is to continually drive risk and compliance culture across the Group by supporting corporate governance best practices as set out in MCCG 2021. This will ensure the Group's strong capital position and earnings growth are achieved in a sustainable manner.

In FY2022, much of our priorities will be focused in the following areas: -

- i. Fulfilling MCCG 2021 on a minimum 50% of the Board be made up of Independent Directors. Despite this departure currently, the Board will make every effort and expense in appointing the right candidate, irrespective of gender, who meets the prerequisites of having a balanced perspective, delivering unbiased opinions and exercising strong independent judgment, diversity in skills, experience and background, to sit as Independent Directors on the Board;
- ii. To appoint at least one female director. To achieve the 30% target for female representation on the board, INNITY plans to identify more female candidates who meet INNITY's qualification criteria;
- iii. Enhancing the Group's risk management capabilities to identify and control emerging risks including cyber risks and sustainability factors; and
- iv. Refining the audit and internal control processes to deal with any potential weaknesses which may likely affect the Group's businesses.

**This statement is made at the Board of Directors' Meeting held on 7 April 2022.**

# SUSTAINABILITY STATEMENT

Economic, Environmental and Social (“EES”) sustainability issues, used interchangeably with the broader United Nations’ Environmental, Social and Governance (“ESG”) sustainability agenda are key concerns of INNITY’S Board. They have emerged as major considerations in business decisions alongside cash flows and profitability. The integration of ESG sustainability into all of our operational decisions is a continuous process with the Board having oversight responsibility.

The exercise of proper and effective oversight on sustainability issues by the Board is crucial for INNITY’S businesses to be resilient and competitive in the long-term, enabling socially conscious investors to look out for investments that are readily addressing ESG issues as a priority consideration.

This Sustainability Statement (“statement”) is the update of the previous year’s statement. The reporting framework of this statement is guided by Global Reporting Initiative (“GRI”) Standards as encouraged by Bursa Malaysia Securities Berhad.

## SCOPE AND COVERAGE

INNITY’S unprecedented attention and commitment to sustainability not only extends to the online products that adds to its business top-line growth but also its long term vision of the ESG agenda to be an ecosystem that includes its entire value chain of stakeholders i.e. advertisers, publishers, suppliers and business partners – as “we are only as strong as our whole value chain.”

## GOVERNANCE

The Board of Directors is responsible for reviewing, adopting and monitoring the overall sustainability planning and reporting of the Group.

## SUSTAINABILITY APPROACH

INNITY endeavours to conduct its business activities in a responsible manner by emdedding sustainability practices in all aspects of its operations to ensure the long term growth and value creation for the Group. The Group is committed to address relevant ESG issues diligently and responsibly.

Our business sustainability mission is to create long term success while creating enduring value for customers, employees, shareholders, community and environment. In carrying out business activities, INNITY not only considers profitability as its prime objective, it also takes into consideration a long-term view and wider array of environmental, economic and social factors when making business decision.

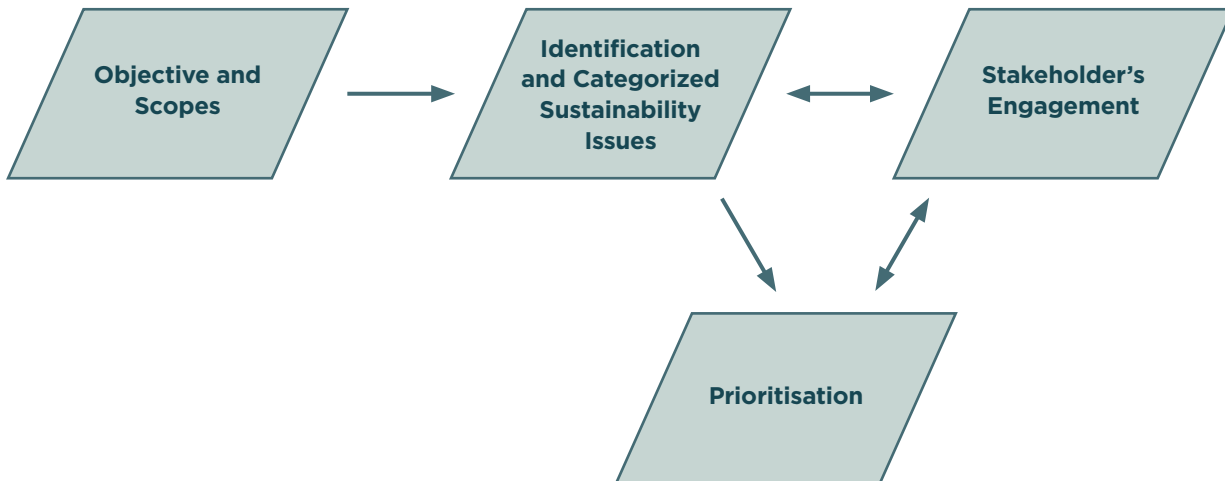
INNITY’S Sustainability Framework, in no particular order of importance, is focused on the following objectives:

- 1. Economic:**  
Develop mutually beneficial business relations with stakeholders through delivery of relevant and functional technology-based online advertising solutions and other related internet services aiming at a global audience;
- 2. Environmental:**  
Seeks effective and efficient conservation management of resources in support of the green environment; and
- 3. Social:**  
Provide a safe, conducive and friendly working environment where employees can grow their career, fostering a work and family life balance culture amongst its employees, prioritising work and family responsibilities and at the same time, assisting communities who are less fortunate in the form of Corporate Social Responsibility (“CSR”) and contributing through social activities that benefit the local community.

## SUSTAINABILITY STATEMENT (CONT'D)

### MATERIALITY ASSESSMENT PROCESS

INNITY has adopted a materiality process based on the following key stages to identify potential material industry and operational issues relevant to the Group's business.



#### a. Identification

INNITY's management identified a list of sustainability issues faced by the Group.

#### b. Prioritisation

The sustainability issues that are considered material to our business operations, based on our assessment on the impact (positive and negative) these have on the business and the level of concern to our stakeholders will be brainstormed at length amongst designated staff internally. As the entire value chain of stakeholders are inextricably "linked" in the ecosystem, internal designated staff, who are in regular contact with external stakeholders, prioritised the relative importance of each issue to INNITY and our stakeholders.

By assessing the impact of these material issues, our senior management were able to focus on areas where sustainability management and business processes could be strengthened or improved to meet the objectives and strategies of the Group and all of its subsidiaries. These areas of concern also provide a basis on which we can continually improve to better meet the expectations of our stakeholders.

#### c. Validation

The identified material industry and operational issues is then presented to the Audit & Risk Management Committee and the Board for validation.

## SUSTAINABILITY STATEMENT (CONT'D)

### STAKEHOLDER ENGAGEMENT

As set out in the Board Charter, the Board is responsible for promoting effective communications with shareholders and relevant stakeholders.

We are committed to provide shareholders, regulators, employees, customers and communities with comprehensive, accurate and timely disclosure of information relating to the Group to gauge the importance of key sustainability matters and for them to understand our actions and strategic direction with greater clarity.

The details of our shareholders' engagement process, focused areas relevant to our stakeholders, our approaches and frequency of our engagement with stakeholders are as below:

Stakeholders	Sustainability Issues	Engagement Platforms	Frequency
Investors & Shareholders	<ul style="list-style-type: none"> <li>Day-to-day operation</li> <li>Business performance</li> <li>Market conditions</li> <li>Future trends</li> </ul>	<ul style="list-style-type: none"> <li>Company website</li> <li>Bursa announcements</li> <li>Press interviews/releases</li> <li>Quarterly reports</li> <li>Annual reports</li> <li>Annual General Meetings</li> <li>Extraordinary General Meetings</li> <li>Analysts' briefings</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>As required</li> <li>As required</li> <li>Quarterly</li> <li>Annually</li> <li>Annually</li> <li>As required</li> <li>As required</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Communication &amp; engagement</li> <li>Health &amp; safety</li> <li>Working environment</li> <li>Career development</li> </ul>	<ul style="list-style-type: none"> <li>Meeting &amp; brainstorming sessions</li> <li>Training &amp; development</li> <li>Breakout and team building sessions</li> <li>Appraisal and performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>As required</li> <li>As required</li> <li>Annually</li> </ul>
Government & Regulators	<ul style="list-style-type: none"> <li>Legal &amp; Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Compliance of relevant legal and regulatory framework</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Regular updates on product development</li> <li>Sustaining long-term relationships</li> </ul>	<ul style="list-style-type: none"> <li>Regular dialogues</li> <li>Online customer feedback sessions</li> <li>Site visits to customer</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>As required</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Focus on green technologies</li> <li>Initiate/Participate in community activities</li> </ul>	<ul style="list-style-type: none"> <li>Initiate/participate in conservation of resources based on 3R concept (i.e., reduce, reuse &amp; recycle)</li> <li>Community programmes</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>As required</li> </ul>

# SUSTAINABILITY STATEMENT

## (CONT'D)

### MATERIALITY ASSESSMENT

A materiality assessment exercise to identify and assess material economic, environmental and social issues that will impact on the long-term sustainability of the group was conducted during financial year 2021.

The identified economic, environment and social issues, based on their importance to the Group's business, were classified under three (3) pillars of the Global Reporting Initiatives (GRI) and Bursa Malaysia Sustainability Reporting Guide relating to EES.

The key EES issues identified and prioritized were as follows:

ECONOMIC	ENVIRONMENTAL	SOCIAL
<ul style="list-style-type: none"> <li>» Profitability</li> <li>» Compliance with regulatory authorities</li> <li>» Corporate Governance</li> <li>» Strategic Alliances</li> <li>» Stakeholder Engagement</li> <li>» Brand Reputation &amp; Corporate Recognition</li> <li>» Wider Market Coverage</li> </ul>	<ul style="list-style-type: none"> <li>» Resource Conservation</li> <li>» Quality, Health &amp; Safety</li> <li>» Environmental Protection</li> <li>» Procurement Management</li> </ul>	<ul style="list-style-type: none"> <li>» Health &amp; Employee Well-Being</li> <li>» Talent Attraction, Retention &amp; Development</li> <li>» Diversity</li> <li>» Community Engagement &amp; Investment</li> </ul>

## 1. ECONOMIC SUSTAINABILITY

### Profitability

The Covid-19 pandemic in year 2020 and 2021 presented significant challenges to the global economy with numerous variants threatening the near collapse of most economies and businesses worldwide. INNITY, too, was not spared from the impact but has managed to emerge from 2021 largely unscathed. INNITY successfully recorded a higher revenue and profit in financial year 2021 ("FY2021"). The positive turnaround in performance was attributable to the efforts on continuously adopting various cost control and collection measures, launching and marketing several innovative advertising solutions online to capture the surging growth in online advertising spending and improving risk management and internal control procedures to achieve the desired Group results. INNITY believes the potential revenue and profit will be maintained taking into consideration the accelerating digital advertising spending as a result of the change in consumer spending behaviour.

For details and analysis of our financial results, please refer to Management Discussion and Analysis from page 20 to page 34.

### Corporate Governance

INNITY is committed to conducting its businesses in full compliance with the legal and regulatory jurisdictions under which it operates. The Group aims to build an environment of trust amongst shareholders and investors, ensuring transparency and accountability to foster long-term relationships and maintain financial stability. The Group's corporate governance framework is detailed in the Corporate Governance Overview Statement on page 51 to page 74.

Our corporate governance initiatives include risk management and internal controls, code of conduct, anti-bribery and anti-corruption and whistleblowing policy. These areas are explained in the ensuing sections of this statement.

# SUSTAINABILITY STATEMENT

## (CONT'D)

### 1. ECONOMIC SUSTAINABILITY (CONT'D)

#### **Corporate Governance (Cont'd)**

Good corporate governance entails an effective risk management and internal control system, INNITY's Risk Management framework is explained in the Statement on Risk Management and Internal Control set out on page 43 to page 50.

INNITY's internal control comprises various policies and documents to ensure our employees uphold the highest standards of integrity and ethics in its business conduct. The following policies and documents are available at the Company's website: -

- Board Charter;
- Code of Conduct;
- Terms of Reference (Audit and Risk Management Committee, Nomination Committee and Remuneration Committee);
- Anti-Bribery & Anti-Corruption Policy; and
- Whistleblowing Policy.

#### **Risk Management and Internal Control**

Risk management during the Covid-19 pandemic was improved to achieve business retention. Internal control procedures were revisited and overhauled to comply with best practices of integrity and ethics in the conduct of INNITY's business.

#### **Code of conduct**

A Code of Conduct and Ethics, which is published on the company's website, sets out the standards of conduct that all directors and employees are required to comply thus, ensuring that the Group's obligations and commitment are always upheld.

#### **Anti-Bribery & Anti-Corruption Policy**

INNITY strictly prohibits corruption, bribery or other improper payments in any of its business operations. In compliance with Section 17A (5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and the applicable laws on anti-bribery and corruption, the Group has put in place the Anti-Bribery and Corruption Policy, found in the Company's website, as an initiative to protect investors' interest as well as to effectively manage bribery and corruption risk.

#### **Strategic Alliances**

TikTok, one of the world's fastest growing social apps focusing on short-form mobile videos has exceeded Twitter and Snapchat in terms of popularity worldwide. Advertisers on TikTok will get to deliver their brand message clearly, effectively and creatively with the help of personalised filters, music and unique challenges.

INNITY's continuing strategic partnership with TikTok has made tremendous progress during 2021. Besides Malaysia, TikTok extended its strategic partnership by appointing INNITY as official reseller to twenty-two (22) other countries across US, Europe and Asia. The extended strategic partnership has facilitated entry into new markets for INNITY's clients including Malaysia, Singapore, Indonesia, Hong Kong, Thailand, Philippines, Vietnam and many more - enabling advertisers to tap into a variety of ad formats offered by TikTok and engage with audiences across three (3) continents.



# SUSTAINABILITY STATEMENT

## (CONT'D)

### 1. ECONOMIC SUSTAINABILITY (CONT'D)

#### **Strategic Alliances (Cont'd)**

INNITY's Hong Kong business unit was appointed as Spotify's official advertising sales partner. Spotify is arguably, the world's most popular audio streaming subscription service with 345 million users, including 155 subscribers, across 178 markets. Through the strategic partnership with Spotify, INNITY's advertisers will have the opportunity to reach millions of engaged listeners by capitalising on Spotify's comprehensive audience data to reach their target audience accurately.

#### **Brand Reputation & Corporate Recognition**

INNITY was recognised as a leading online advertising solutions provider in Asia Pacific ('APAC') at the ASEAN Business Awards 2019 held in Bangkok, Thailand. INNITY was chosen as the APAC winner under the "Priority Integration Sectors: ICT (Mid-Tier) category. This award is significant as it has inspired INNITY to keep on elevating its already lofty standards in providing innovative advertising solutions to its advertisers, publishers and partners.

In 2021, INNITY Vietnam was awarded three Gold Awards at the Mobile Marketing Association (MMA) Smarties Awards. MMA Smarties Awards is the world's only global marketing awards program that recognises the most effective modern marketing campaigns, celebrating innovation, creativity, and success.

#### **Stakeholder Engagement**

Stakeholder satisfaction and frequent engagement significantly impact on our brand and opportunity for repeatable business. As the Board is responsible for promoting effective communication with investors, shareholders and relevant stakeholders, frequent engagement through accurate and timely disclosure of information on key sustainability issues are vital for them to comprehend the actions and direction of the Group's current and future strategies with greater clarity.

#### **Wider Market Coverage**

Over the years, our growth expansion has taken us to most countries in ASEAN and the Far East. Our presence in ten (10) ASEAN and Far East markets including Singapore, Indonesia, Philippines, Malaysia and Vietnam, Taiwan, Hong Kong, Korea to name a few, and the growing presence of our business units in Cambodia and Myanmar are ample testament of our widespread presence.

The rationale for the establishment of these overseas business units are the following:

- i. It enables us to have an understanding of the local business environment;
- ii. Overseas business units provide a wider reach and clientele base to promote our expanding portfolio of products;
- iii. Adapting swiftly to market intelligence data and analytics of current market trends;
- iv. As most sale transactions are mostly denominated in United States Dollars ("USD"), purchase of online publishers' sites, sales to advertisers and/or media agencies, provide a natural hedge wherein, all overseas business units maintain an USD bank account to facilitate payments and collections in USD hence, minimising the effect of foreign exchange risk; and
- v. The appreciation of varying business practices, cultures and the environment in our various overseas destinations has enhanced ESG sustainability and strengthen INNITY's corporate value and reputation.

## SUSTAINABILITY STATEMENT (CONT'D)

### 2. ENVIRONMENTAL SUSTAINABILITY

#### Environmental Protection

As environmental protection is every bit as important as other elements of sustainability, the Group aims to minimise wastage in our energy consumption through mindful usage of energy and water resources. With the majority of our employees working at home during the Covid-19 pandemic, energy consumption during 2021 has been significantly minimised. In the coming years, INNITY will increasingly focus its interactive online marketing platforms to advertisers and publishers involved in green technologies.

#### Resource Conservation

Our firm commitment in the conservation of these resources, based on the 3R concept (i.e., Reduce, Reuse, Recycle), has paved the way for the adoption of the following initiatives:

- Virtual meetings and video conferencing amongst employees working at home and for our regular communication with overseas business units and business associates;
- Adoption of cloud computing for a major proportion of our operations which reduces space and energy consumption in the absence of server installations;
- Electronic mail for communication amongst Group employees;
- Installation of energy-saving LED lighting in our offices;
- A designated photocopying area for the collection of waste paper for recycling;
- Using recycled paper for photocopying unofficial documents;
- Adopting an electronic leave and attendance system for leave applications; and
- Continually streamlining and digitising work processes to improve productivity, reduce wastage and conserve energy resources.

### 3. SOCIAL SUSTAINABILITY

#### Workplace

In our business, we pride on technical expertise and innovative solutions to enrich our customers' experience and create long term value for our brand. Undoubtedly, our employees are of paramount importance because they are the backbone of our business. As such, we are mindful of the importance of proper staff recruitment and talent development to enable employees to achieve their full potential. Our employees are our priceless assets and the best way to retain an awesome workforce is to serve the needs of our employees so that they can best serve our organisation;

- In curbing the Covid-19 pandemic, INNITY continues to follow procedures and precautionary measures established by the Ministry of International Trade and Ministry of Health to safeguard the health and safety of employees and stakeholders. These procedures are:
  - Conducting virtual meetings and discussions to minimise travels and physical contacts;
  - Carrying out sanitising activities in the office;
  - Limiting staff working from office on needs basis after lockdown period. High risk group staff i.e., staff having pre-medical conditions and staff above 50 years of age, staff who have not completed two (2) doses of vaccines, public transport commuting employees, pregnant ladies, employees who have school-going children, were compelled to work from home;
  - Limiting the number of attendees at a meeting;
  - Making the wearing of masks and usage of sanitisers compulsory;
  - Splitting the departmental structure to limit the number of employees coming into the office and cross office unit visit was disallowed;

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SOCIAL SUSTAINABILITY (CONT'D)

#### Workplace (Cont'd)

- In filling job vacancies, we place emphasis on meritocracy and gender diversity with no racial bias. Our preference is also to hire resident staff, irrespective of whether the job vacancies are in Malaysia or in our overseas business units;
- In fostering a culture of balance in the workplace and family life, INNITY's employees enjoy the following fringe benefits:
  - Community Engagement Opportunities to fulfil INNITY's CSR role. Our employees are actively encouraged to contribute part of their time to assist those less fortunate than themselves;
  - A conducive work environment that can help in reducing stress to increase productivity of its employees;
  - Flexible working hours giving employees the option to attend to their private affairs for a few hours;
  - Upskill deserving employees with training and workshops to keep abreast of new technologies and media applications; and
  - Health and insurance coverage for all employees.

#### Community

As a responsible corporate citizen, INNITY is actively involved in local community projects by way of monetary and non-monetary contributions. INNITY's CSR commitment of building long-lasting, mutually beneficial relationships with our stakeholders and the society at large within the spirit of appreciation resumed after a year of temporary curtailment following the outbreak of Covid-19 in 2020.

The Group supported the following social initiatives in 2021:

#### **“OneMeal with Passionation”**

During the COVID-19 pandemic and lockdown in July 2021, INNITY's Passionation partnered with Hunger Hurts Malaysia (a youth-led NGO aiming to eradicate poverty in Southeast Asia) to provide 2,000 meals to underprivileged communities and at the same time support struggling small businesses through the Onemeal project by Hunger Hurts. The Passionation Community was encouraged to donate OneMeal at RM10 each, and for every OneMeal donated, Passionation matched it with an additional OneMeal.

#### **“I, Matter Too by The National Autism Society of Malaysia” (“NASOM”)**

INNITY's Passionation ran a CSR campaign to assist NASOM in their fundraising efforts by getting our Passionation Community to talk and share about autism awareness, acceptance and celebrating individual differences on their social platforms.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Share Buyback

During the financial year, the Company did not enter into any share buyback transaction.

### 2. Options, Warrants or Convertible Securities

During the financial year, no option, warrants or convertible securities were issued by the Company.

### 3. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme for the financial year ended 31 December 2021.

### 4. Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

### 5. Non-Audit Fees

There was an amount of RM6,000 paid to the Company's auditors Messrs BDO PLT during the financial year ended 31 December 2021 on the review of Statement of Risk Management and Internal Control.

### 6. Profit Guarantee

There were no profit guarantees given by the Group and the Company during the financial year ended 31 December 2021.

### 7. Variation of Results

For the financial year ended 31 December 2021, there were no variances between the audited financial statements and the unaudited results previously announced.

### 8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involved the Directors and substantial shareholders' interest during the financial year ended 31 December 2021.

### 9. Innity Corporation Berhad's Employee's Share Scheme ("ESS")

The ESS which was approved by the shareholders at the Extraordinary General Meeting held on 1 July 2015 governed by the ESS By-Laws, is the only ESS in existence during the financial year. The ESS was implemented on 4 June 2018, which is in force for a period of five (5) years until 3 June 2023.

Since the implementation of the ESS until end of the financial year, a total of 1,000,000 shares award had been granted to a Senior Management of the Group. The entire 1,000,000 shares award had been exercised since the implementation of the ESS until end of the financial year.

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 9. Innity Corporation Berhad's Employee's Share Scheme ("ESS") (Cont'd)

#### Share granted to the Senior Management

	During the Financial Year ended 31 December 2021	Since the Commencement of the ESS on 4 June 2018
Aggregate maximum allocation in percentage	18.0%	80%
Actual percentage granted	0.7%	5%

There was no share award granted to the Executive Directors and Independent Non-Executive Directors of the Company and its subsidiaries during the financial year.

### 10. Recurrent Related Party Transaction

The Company had on 7 April 2022 announced to Bursa Malaysia Securities Berhad ("Bursa Securities") on the renewal of shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature entered/to be entered into from forthcoming AGM until the next AGM.

The Company will, at the forthcoming AGM, seek shareholders' approval for the RRPTs entered into from forthcoming AGM until the next AGM.

The related parties are as follows:

JcbNext Berhad ("JCBNEXT") and D.A. Consortium Inc ("DAC"), are substantial shareholders with direct holding of 20.982% and 24.917% equity interest respectively in the Company;

Autoworld.com.my Sdn. Bhd. is the wholly-owned subsidiary of JCBNEXT;

JCBNEXT has a direct holding of 22.66% equity interest in 104 Corporation Ltd. ("104 Corporation").

Hakuhodo DY Group consists of subsidiaries and associated companies of Hakuhodo DY Holdings Inc ("Hakuhodo DY Holdings"). Hakuhodo DY Holdings is the ultimate holding company of D.A.Consortium Inc. ("DAC"), by virtue of its 100% indirect equity interest in DAC, through 100% equity interest in DAC Holdings (D.A.Consortium Holdings Inc.).

DAC Asia Pte Ltd is an indirect wholly owned subsidiary of Hakuhodo DY Holdings, through 51% equity interest in DAC, 24.5% in Hakuhodo DY Media Partners Inc. and 24.5% in Hakuhodo Inc.

Innity Sdn. Bhd.'s ("ISB") wholly-owned subsidiary, Innity Limited ("Innity Ltd") has a direct shareholding of 49% equity interest, representing 9,800 shares in Innity Digital Media Thailand Co., Ltd ("Innity Thailand").

ISB is a wholly-owned subsidiary of INNITY.

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 10. Recurrent Related Party Transaction (Cont'd)

The RRPTs entered into by the Group during the financial year ended 31 December 2021 were as follows:

Related Party	Nature of Recurrent Transactions	Interested Related Parties	Actual Value Transacted for the Financial Year (RM)
104 Corporation Ltd	Purchase of online recruitment services	<b>Major shareholder</b> JCBNext  <b>Director</b> Gregory Charles Poarch Liong Wei Li	3,089
Hakuhodo DY Group	Provision of advertising and publicity related services	<b>Major shareholder</b> DAC	644,197
	Purchase of advertising and publicity related services		22,999
DAC Asia Pte Ltd	Bookkeeping fees	<b>Corporations Connected with Major Shareholder</b> DAC Holdings Hakuhodo DY Holdings  <b>Director</b> Michihiko Suganuma Reiko Yoshikawa	17,200
Innity Thailand	Provision of advertising and publicity related services	<b>Director</b> Looa Hong Tuan	266,592
	Purchase of advertising and publicity related services		248,549
	Management fees in relation to backend support staff costs chargeback which include Corporate Strategy, Finance, Business Development, Operation and Creative team based on time allocation of each individual		240,899
	Royalty fees		206,893

# STATEMENT OF RESPONSIBILITY BY DIRECTORS

## STATEMENT OF RESPONSIBILITY BY DIRECTORS In respect of preparation of the Audited Financial Statements

The Directors are responsible for ensuring that the audited financial statements of the Group and of the Company are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the provision of the Companies Act 2016.

The Directors are also responsible for ensuring that the audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021, and of their financial performance and cash flows for the year then ended.

In preparing the audited financial statements, the Directors have:

- a. adopted appropriate accounting policies and applied them consistently;
- b. made judgements and estimates that are reasonable and prudent; and
- c. prepared the financial statements on a going concern basis.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

# REPORTS AND **FINANCIAL STATEMENTS**

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# DIRECTORS' REPORT

## 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 December 2021.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 8(b) to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

## RESULTS

	Group RM	Company RM
Profit for the year	3,061,330	62,411
Attributable to:		
Owners of the Company	3,121,865	62,411
Non-controlling interests	(60,535)	-
	3,061,330	62,411

## DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors also 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 other than those presented in the statements of changes in equity.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 139,103,415 ordinary shares to 139,403,415 by way of issuance of 300,000 new ordinary shares pursuant to 300,000 shares exercised under the Employees' Share Scheme ("ESS") at an exercise price of RM0.45 per ordinary share.

The newly issued ordinary shares rank pari passu in all the respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

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

## DIRECTORS' REPORT (CONT'D)

### EMPLOYEES' SHARE SCHEME

The Company implements an Employees' Share Scheme ("ESS"), which is in force for a period of five (5) years until 3 June 2023 ("the scheme period"). The main features of the ESS are as follows:

- a. The ESS is made available to Senior Management and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- b. The total number of shares offered under the ESS shall not, in aggregate, exceed 5% of the issued and paid-up share capital of the Company at any time during the existence of the ESS;
- c. The Participant will not be required to pay for the new ESS Shares that may be issued and allotted to them and/or the existing Company Shares to be transferred to them pursuant to the Proposed ESS;
- d. The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the ESS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:
  - i. not more than 80% of the shares available under the ESS shall be allocated in aggregate to the Senior Management of the Company and its subsidiaries; and
  - ii. not more than 10% of the total number of ESS Shares shall be allocated to a Participant, who, either singly or collectively through persons connected with the Participant, holds twenty percent (20%) or more of our issued and paid-up share capital.
- e. A share award is granted under the ESS may be exercised by the grantee upon achieving the vesting conditions set by the ESS Committee; and
- f. The shares shall on issue and allotment rank *pari passu* in all respects with the then existing issued shares of the Company.

Since the implementation of the ESS until end of the financial year, a total of 1,000,000 shares award had been granted to Senior Management of the Group. The entire 1,000,000 shares award had been exercised since the implementation of the ESS until end of the financial year.

There were no share award granted to the Executive Directors of the Company and its subsidiaries during the financial year. Since the implementation of the ESS until end of the financial year, none of the Executive Directors of the Company and its subsidiaries had been granted any share award under the ESS.

## DIRECTORS' REPORT

### (CONT'D)

### DIRECTORS

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

#### Innity Corporation Berhad

Phang Chee Leong\*  
 Looa Hong Tuan\*  
 Wong Kok Woh\*  
 Seah Kum Loong\*  
 Shamsul Ariffin Bin Mohd Nor  
 Michihiko Sukanuma  
 Cheong Chee Yun  
 Gregory Charles Poarch  
 Fung Kam Foo  
 Liong Wei Li (Alternate Director to Gregory Charles Poarch)  
 Rieko Yoshikawa (Alternate Director to Michihiko Sukanuma)

*\*These Directors are also Directors of the subsidiaries of the Company.*

#### Subsidiaries of Innity Corporation Berhad

Francisco Valenzuela  
 Gabriel Joaquin D. Zosa II  
 Simon Ong  
 U Moe Kyaw  
 Nadya Rosalia Hanum S  
 Erwin L. Razon

### DIRECTORS' INTEREST

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 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:

Shares in the Company	Number of ordinary shares			Balance as at 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
<b>Direct interest</b>				
Phang Chee Leong	13,298,372	-	-	13,298,372
Looa Hong Tuan	12,374,685	-	-	12,374,685
Wong Kok Woh	7,299,086	-	-	7,299,086
Seah Kum Loong	6,817,292	-	-	6,817,292

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

## DIRECTORS' REPORT (CONT'D)

### 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 or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

There were no arrangements made 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

The details of Directors' remuneration are disclosed in Note 23 (b) to the financial statements.

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS 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.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company is RM9,271.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

### 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 had satisfied themselves that there are no known bad debts to be 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 have 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.

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

#### 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 necessitate the writing off of bad debts or render 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

#### 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.

## DIRECTORS' REPORT (CONT'D)

### AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 25 to the financial statements.

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

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**Phang Chee Leong**  
Director

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**Looa Hong Tuan**  
Director

Kuala Lumpur  
7 April 2022

# STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 99 to 160 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 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

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**Phang Chee Leong**  
Director

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**Looa Hong Tuan**  
Director

Kuala Lumpur  
7 April 2022

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# STATUTORY DECLARATION

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

I, Yap Soon Kim (CA 23399), being the officer primarily responsible for the financial management of Innity Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 99 to 160 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  
7 April 2022

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**Yap Soon Kim**

Before me,  
Commissioner for Oaths  
Kuala Lumpur  
7 April 2022

# INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Innity Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss, 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 99 to 160.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Provision of Direct Costs

As at 31 December 2021, provision of direct costs of the Group was amounted to RM18,221,035 as disclosed in Note 19 to the financial statements. Provision for direct costs represents the cost payable to publishers based on rate card profit margin for on-going advertising campaigns as of end of reporting period.

We determined this to be key audit matter because it requires management to exercise significant judgement in providing the direct costs as of end of reporting period based on rate card profit margin from individual advertising campaigns.



## INDEPENDENT AUDITORS' REPORT

### To The Members Of Innity Corporation Berhad (CONT'D)

#### **Audit Response**

Our audit procedures, with the involvements of components auditors, included the following:

- i. Enquiries of management to understand design of controls over the provision for direct costs relating to on-going advertising campaigns as of end of reporting period;
- ii. Assessed the contractual terms with publishers in determining the measurement and completeness of provision of direct costs to publishers as of end of reporting period; and
- iii. Assessed the measurement and completeness of provision of direct costs as of end of reporting period by comparing the actual invoices issued by the publishers subsequent to the end of the reporting period, to year end provision of direct costs.

We have determined that there are no key audit matters to communicate in our report in respect to the audit of the financial statements of the Company.

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

#### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the 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.

## INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad (CONT'D)

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

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

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

- 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 internal control of the Group and of the Company.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 ability of the Group or of the Company 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.

# INDEPENDENT AUDITORS' REPORT

To The Members Of Innity Corporation Berhad (CONT'D)

## **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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 8 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

### **Tan Seong Yuh**

03314/07/2023 J  
Chartered Accountant

Kuala Lumpur  
7 April 2022

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	1,138,818	1,445,107	-	-
Right-of-use assets	6	2,283,604	2,718,194	-	-
Intangible assets	7	4,435,892	5,011,301	-	-
Investments in subsidiaries	8	-	-	15,335,819	15,335,819
Investments in associates	9	704,889	507,755	-	-
Deferred tax assets	11	697,858	917,815	-	-
		9,261,061	10,600,172	15,335,819	15,335,819
<b>Current assets</b>					
Inventories	12	78,045	-	-	-
Trade receivables	13	37,431,653	37,148,090	-	-
Other receivables, deposits, contract assets and prepayments	14	6,441,780	6,611,410	579,392	6,607
Tax recoverable		-	730,432	-	-
Cash and bank balances	15	30,028,392	21,327,180	453,212	188,651
		73,979,870	65,817,112	1,032,604	195,258
<b>TOTAL ASSETS</b>		83,240,931	76,417,284	16,368,423	15,531,077
<b>EQUITY</b>					
Share capital	16	19,477,031	19,342,031	19,477,031	19,342,031
Reserves	17	19,062,281	15,903,430	(4,265,873)	(4,328,284)
<b>Equity attributable to owners of the Company</b>		38,539,312	35,245,461	15,211,158	15,013,747
Non-controlling interests		1,699,944	1,730,089	-	-
<b>TOTAL EQUITY</b>		40,239,256	36,975,550	15,211,158	15,013,747
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other payables, contract liabilities and accruals	20	-	-	302,404	387,600
Deferred tax liabilities	11	531,483	812,363	-	-
Lease liabilities	6	583,563	503,620	-	-
Retirement benefit obligations	18	502,549	688,580	-	-
Borrowings	21	309,261	337,021	-	-
		1,926,856	2,341,584	302,404	387,600
<b>Current liabilities</b>					
Trade payables	19	26,272,293	24,690,108	-	-
Other payables, contract liabilities and accruals	20	13,294,695	9,685,671	854,861	129,730
Lease liabilities	6	741,422	1,247,847	-	-
Borrowings	21	31,244	1,312,168	-	-
Tax payable		735,165	164,356	-	-
		41,074,819	37,100,150	854,861	129,730
<b>TOTAL LIABILITIES</b>		43,001,675	39,441,734	1,157,265	517,330
<b>TOTAL EQUITY AND LIABILITIES</b>		83,240,931	76,417,284	16,368,423	15,531,077

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

# STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	22	119,970,871	103,031,725	4,099,784	-
Other operating income		1,341,499	3,431,232	55,705	130,037
Direct costs		(69,354,121)	(60,824,386)	(3,055,677)	-
Staff costs	23	(37,338,111)	(34,718,166)	(658,613)	(145,360)
Depreciation		(1,911,217)	(2,139,122)	-	-
Amortisation of development expenditure	7	(1,777,850)	(1,722,269)	-	-
(Impairment losses on financial assets)/Reversal of impairment losses on financial assets, net	25	(55,793)	(578,545)	(60,086)	2,500
Other operating expenses		(5,701,484)	(6,097,024)	(309,350)	(313,861)
<b>Profit/(Loss) from operations</b>	25	5,173,794	383,445	71,763	(326,684)
Finance costs	26	(149,395)	(225,833)	(9,352)	-
Share of income/(loss) in equity-accounted associates, net of tax		252,344	(387,466)	-	-
<b>Profit/(Loss) before tax</b>		5,276,743	(229,854)	62,411	(326,684)
Income tax expense	27	(2,215,413)	(1,094,466)	-	-
<b>Profit/(Loss) for the year</b>		3,061,330	(1,324,320)	62,411	(326,684)
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		3,121,865	(329,072)	62,411	(326,684)
Non-controlling interests		(60,535)	(995,248)	-	-
		3,061,330	(1,324,320)	62,411	(326,684)
<b>Earnings/(Loss) per ordinary share attributable to Owners of the Company (sen):</b>					
Basic and diluted	28	2.24	(0.24)		

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) for the year		3,061,330	(1,324,320)	62,411	(326,684)
Other comprehensive income/(loss) for the year, net of tax					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation	27(d)	(48,574)	(280,349)	-	-
Reclassification adjustment relating to an associate disposed off during the year		-	(248,505)	-	-
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Remeasurement of retirement benefit obligations	27(d)	134,938	(37,147)	-	-
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		86,364	(566,001)	-	-
<b>Total comprehensive income/(loss)</b>		3,147,694	(1,890,321)	62,411	(326,684)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		3,158,851	(786,680)	62,411	(326,684)
Non-controlling interests		(11,157)	(1,103,641)	-	-
		3,147,694	(1,890,321)	62,411	(326,684)

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	----- Non-distributable -----					Distributable		Total attributable to Owners of the Company	Non- controlling interests	Total equity
	Share capital (Note 16)	Reverse acquisition reserve (Note 17)	Foreign currency translation reserve (Note 17)	Other reserve	Retained profits (Note 17)	RM	RM			
<b>At 1 January 2020</b>	19,342,031	(2,512,173)	20,239	248,505	18,533,504	35,632,10	2,987,329	38,619,435		
Loss for the year	-	-	-	-	(329,072)	(329,072)	(995,248)	(1,324,320)		
Other comprehensive loss	-	-	(185,132)	(248,505)	(23,971)	(457,608)	(108,393)	(566,001)		
Total comprehensive loss	-	-	(185,132)	(248,505)	(353,043)	(786,680)	(1,103,641)	(1,890,321)		
Allotment of shares to non-controlling interests	-	-	8,996	-	391,039	400,035	(153,599)	246,436		
Total transaction with Owners and changes in ownership interests	-	-	8,996	-	391,039	400,035	(153,599)	246,436		
<b>At 31 December 2020/1 January 2021</b>	19,342,031	(2,512,173)	(155,897)	-	18,571,500	35,245,461	1,730,089	36,975,550		
Profit/(Loss) for the year	-	-	-	-	3,121,865	3,121,865	(60,535)	3,061,330		
Other comprehensive (loss)/income	-	-	(67,296)	-	104,282	36,986	49,378	86,364		
Total comprehensive (loss)/income	-	-	(67,296)	-	3,226,147	3,158,851	(11,157)	3,147,694		
Dividends paid to non-controlling interests	-	-	-	-	-	-	(18,988)	(18,988)		
Issuance of ordinary shares pursuant to ESS	135,000	-	-	-	-	135,000	-	135,000		
Total transaction with Owners and changes in ownership interests	135,000	-	-	-	-	135,000	(18,988)	116,012		
<b>At 31 December 2021</b>	19,477,031	(2,512,173)	(223,193)	-	21,797,647	38,539,312	1,699,944	40,239,256		

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

## STATEMENTS OF CHANGES IN EQUITY

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

Company	-----Non-distributable-----		
	Share capital	Accumulated losses	Total
	(Note 16)	(Note 17)	
	RM	RM	RM
<b>At 1 January 2020</b>	19,342,031	(4,001,600)	15,340,431
Loss for the year/Total comprehensive loss	-	(326,684)	(326,684)
<b>At 31 December 2020/1 January 2021</b>	19,342,031	(4,328,284)	15,013,747
Profit for the year/Total comprehensive income	-	62,411	62,411
Issuance of ordinary shares pursuant to ESS/Total transaction with Owners	135,000	-	135,000
<b>At 31 December 2021</b>	19,477,031	(4,265,873)	15,211,158

*The accompanying notes form an integral part of these financial statements.*



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		5,276,743	(229,854)	62,411	(326,684)
Adjustments for:					
Amortisation of development expenditure	7	1,777,850	1,722,269	-	-
Bad debts written off		-	13,300	-	-
Depreciation		1,911,217	2,139,122	-	-
Dividend income from a subsidiary		-	-	(705,301)	-
Fair value adjustment		-	-	-	(87,289)
Gain on disposal of property, plant and equipment		(168)	-	-	-
Gain on disposal of associates		-	(528,449)	-	(3)
Gain on lease modification		(17,693)	-	-	-
Impairment loss on development expenditure	7	256,604	-	-	-
Impairment losses on financial assets/(Reversal of impairment losses on financial assets), net		55,793	578,545	60,086	(2,500)
Interest expense	26	149,395	225,833	9,352	-
Interest income		(117,738)	(199,226)	(54,849)	(40,245)
Property, plant and equipment written off		8,753	-	-	-
Retirement benefits	18	(7,650)	97,943	-	-
Shares granted under ESS		135,000	-	-	-
Share-based payment		-	119,312	-	-
Share of (profit)/loss in equity-accounted associates		(252,344)	387,466	-	-
Net unrealised gain on foreign exchange		(514,815)	(195,602)	(856)	-
<b>Operating profit/(loss) before working capital changes</b>		<b>8,660,947</b>	<b>4,130,659</b>	<b>(629,157)</b>	<b>(456,721)</b>
Increase in inventories		(78,045)	-	-	-
Decrease/(Increase) in trade and other receivables		227,515	(8,401,369)	(3,610)	-
Increase in trade and other payables		4,873,176	4,399,886	439,190	40,279
<b>Cash generated from/(used in) operations</b>		<b>13,683,593</b>	<b>129,176</b>	<b>(193,577)</b>	<b>(416,442)</b>
Dividend received		-	-	705,301	-
Income tax paid		(1,952,765)	(2,041,403)	-	-
Income tax refunded		933,854	112,060	-	-
Retirement benefit paid	18	-	(60,590)	-	-
<b>Net cash from/(used in) operating activities</b>		<b>12,664,682</b>	<b>(1,860,757)</b>	<b>511,724</b>	<b>(416,442)</b>

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Development expenditure paid	7	(1,459,045)	(1,568,949)	-	-
Withdrawals of fixed deposits pledged to licensed banks	15	15,662	29,696	-	-
Interest received		117,738	199,226	54,849	40,245
Proceeds from disposal of plant and equipment		1,980	-	-	-
Purchase of property, plant and equipment	5	(259,336)	(316,020)	-	-
Purchase of right-of-use assets	6	-	(437,443)	-	-
Allotment of shares to non-controlling interests		-	127,122	-	-
Proceeds from disposal of associate		-	363,990	-	-
Repayment from/(Advances to) associates		355,036	162,850	(81,834)	-
(Advances to)/Repayment from subsidiaries		-	-	(547,427)	58,468
Advances from subsidiaries		-	-	201,601	490,000
<b>Net cash (used in)/from investing activities</b>		<b>(1,227,965)</b>	<b>(1,439,528)</b>	<b>(372,811)</b>	<b>588,713</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid to non-controlling interests		(18,988)	-	-	-
Interest paid		(40,490)	(69,554)	(9,352)	-
Proceeds from issuance of ordinary shares pursuant to ESS from a subsidiary	16	-	-	135,000	-
(Repayments)/Drawdown of loan		(16,495)	357,000	-	-
Repayment of lease liabilities		(1,434,716)	(1,545,432)	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(1,510,689)</b>	<b>(1,257,986)</b>	<b>125,648</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,926,028</b>	<b>(4,558,271)</b>	<b>264,561</b>	<b>172,271</b>
Effects of exchange rate fluctuations on cash and cash equivalents		83,035	(361,770)	-	-
<b>Cash and cash equivalents at beginning of year</b>		<b>18,041,348</b>	<b>22,961,389</b>	<b>188,651</b>	<b>16,380</b>
<b>Cash and cash equivalents at end of year</b>	15	<b>28,050,411</b>	<b>18,041,348</b>	<b>453,212</b>	<b>188,651</b>

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### Reconciliation of liabilities arising from financing activities:

Group	Lease Liabilities Note 6 RM	Term loans Note 21 RM
At 1 January 2020	1,854,945	-
Cash flows	(1,545,432)	357,000
Non-cash flows:		
- Acquisition of right-of-use assets	1,283,931	-
- Effect of foreign exchange	1,744	-
- Unwinding of interests	156,279	-
At 31 December 2020	1,751,467	357,000
Cash flows	(1,434,716)	(28,010)
Non-cash flows:		
- Acquisition of right-of-use assets	1,105,548	-
- Effect of foreign exchange	23,918	-
- Lease modification	(230,137)	-
- Unwinding of interests	108,905	11,515
At 31 December 2021	1,324,985	340,505

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 1. CORPORATE INFORMATION

Innity Corporation Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-1, 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 C501 & C502, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries and the interests of the Group in an associate. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 April 2022.

## 2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are disclosed in Note 8(b) to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company 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 32.1 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 (CONT'D)

### 4. OPERATING SEGMENT

The Group is principally involved in providing technology based online advertising solutions and other related internet services in Malaysia and other areas of the Asia Pacific. For management purposes, the Group is organised into business units based on their geographical location and has reportable operating segments as follows:

- Malaysia
- Singapore
- Indonesia
- Vietnam
- Philippines
- Hong Kong/China
- Taiwan
- South Korea
- Cambodia
- Myanmar

The management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resources allocation and performance assessment.

Inter-segment transactions were entered into when advertising campaigns were carried out in a regional basis. The pricing of the inter-segment transactions is determined based on a negotiated margin basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit/(loss) is used to measure performance as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates these industries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. OPERATING SEGMENT (CONT'D)

2021	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>													
External revenue	48,259,051	13,757,320	5,380,184	14,464,884	12,553,360	17,791,431	5,221,971	382,758	2,118,537	41,375	119,970,871	-	119,970,871
Inter-segment revenue	5,232,460	22,418	275,561	218,279	73,024	233,276	93,245	-	9,936	-	6,158,199	(6,158,199)	-
Total revenue	53,491,511	13,779,738	5,655,745	14,683,163	12,626,384	18,024,707	5,315,216	382,758	2,128,473	41,375	126,129,070	(6,158,199)	119,970,871
<b>Results</b>													
Profit/(Loss) from operations	2,326,144	796,874	157,999	291,870	1,374,567	1,083,292	(466,395)	(103,759)	58,760	(34,528)	5,384,824	(211,030)	5,173,794
Finance costs	(77,487)	(30,742)	(3,112)	(113,601)	(32,361)	-	(62,710)	(8,494)	(21,918)	(10,000)	(360,425)	211,030	(149,395)
Share of profit in equity-accounted associates, net of tax	252,344	-	-	-	-	-	-	-	-	-	252,344	-	252,344
Profit/(Loss) before tax	2,501,001	766,132	154,887	178,269	1,342,206	1,083,292	(529,105)	(112,253)	36,842	(44,528)	5,276,743	-	5,276,743
Income tax expense	(1,346,440)	(59,233)	(255,525)	-	(424,065)	(97,458)	(12,369)	-	(20,323)	-	(2,215,413)	-	(2,215,413)
Profit/(Loss) for the year	1,154,561	706,899	(100,638)	178,269	918,141	985,834	(541,474)	(112,253)	16,519	(44,528)	3,061,330	-	3,061,330
Non-controlling interests	123,742	-	49,313	(37,772)	(46,276)	(209,948)	108,295	22,596	-	50,585	60,535	-	60,535
Profit/(Loss) attributable to Owners of the Company	1,278,303	706,899	(51,325)	140,497	871,865	775,886	(433,179)	(89,657)	16,519	(93,943)	3,121,865	-	3,121,865

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. OPERATING SEGMENT (CONT'D)

2021 (Cont'd)	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/ China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Assets and liabilities</b>													
Segment assets	47,730,936	9,107,195	5,417,982	9,021,530	13,067,213	17,823,526	2,404,068	86,322	849,391	83,040	105,591,203	(23,055,161)	82,536,042
Investments in associates	704,889	-	-	-	-	-	-	-	-	-	704,889	-	704,889
<b>Consolidated total assets</b>	<b>48,435,825</b>	<b>9,107,195</b>	<b>5,417,982</b>	<b>9,021,530</b>	<b>13,067,213</b>	<b>17,823,526</b>	<b>2,404,068</b>	<b>86,322</b>	<b>849,391</b>	<b>83,040</b>	<b>106,296,092</b>	<b>(23,055,161)</b>	<b>83,240,931</b>
Segment liabilities	21,999,321	4,157,354	4,257,608	9,847,924	7,651,889	4,046,499	8,239,360	970,806	894,473	712,408	62,777,642	(19,775,967)	43,001,675
<b>Consolidated total liabilities</b>	<b>21,999,321</b>	<b>4,157,354</b>	<b>4,257,608</b>	<b>9,847,924</b>	<b>7,651,889</b>	<b>4,046,499</b>	<b>8,239,360</b>	<b>970,806</b>	<b>894,473</b>	<b>712,408</b>	<b>62,777,642</b>	<b>(19,775,967)</b>	<b>43,001,675</b>
<b>Other information</b>													
Capital expenditure	1,614,779	16,832	1,274	13,300	43,632	19,650	-	-	8,914	-	1,718,381	-	1,718,381
Amortisation of development expenditure	1,777,850	-	-	-	-	-	-	-	-	-	1,777,850	-	1,777,850
Depreciation	513,770	287,678	47,396	220,836	534,806	20,023	163,924	2,514	117,677	2,593	1,911,217	-	1,911,217
Material non-cash items other than depreciation and amortisation													
- Impairment losses on:													
- trade receivables	15,463	(20,377)	(20,151)	12,495	241,669	(12,979)	21,034	-	-	-	55,793	-	55,793
- development expenditure	256,604	-	-	-	-	-	-	-	-	-	256,604	-	256,604
- Property, plant and equipment written off	8,753	-	-	-	-	-	-	-	-	-	8,753	-	8,753
- Retirement benefits	-	-	(79,216)	-	71,566	-	-	-	-	-	(7,650)	-	(7,650)
- Net unrealised (gain)/loss on foreign exchange	(218,282)	(47,506)	(7,642)	(85,824)	(13,473)	(61,309)	(104,539)	55,908	(19,739)	(4,115)	(506,521)	(8,294)	(514,815)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. OPERATING SEGMENT (CONT'D)

2020	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>													
External revenue	371,216,69	13,514,680	3,601,400	12,285,312	9,498,453	18,306,597	4,012,732	891,142	3,582,813	216,927	103,031,725	-	103,031,725
Inter-segment revenue	3,724,043	13,275	106,682	56,036	289,379	235,432	80,463	88,091	9,7765	-	4,691,166	(4,691,166)	-
Total revenue	40,845,712	13,527,955	3,708,082	12,341,348	9,787,832	18,542,029	4,093,195	979,233	3,680,578	216,927	107,722,891	(4,691,166)	103,031,725
<b>Results</b>													
Profit/(Loss) from operations	649,018	830,826	(184,957)	228,125	333,470	1,554,522	(737,825)	(307,580)	185,492	(239,106)	647,366	(263,921)	383,445
Finance costs	(130,034)	(36,934)	(19,344)	(85,515)	(31,434)	(835)	(138,682)	(8,817)	(28,108)	(10,051)	(489,754)	263,921	(225,833)
Share of loss in equity-accounted associates, net of tax	(139,444)	(248,022)	-	-	-	-	-	-	-	-	(387,466)	-	(387,466)
Profit/(Loss) before tax	379,540	545,870	(186,890)	142,610	302,036	1,553,687	(876,507)	(316,397)	157,384	(249,157)	(229,854)	-	(229,854)
Income tax expense	(780,372)	-	(23,839)	-	(104,854)	(64,734)	(60,388)	-	(60,279)	-	(1,094,466)	-	(1,094,466)
(Loss)/Profit for the year	(400,832)	545,870	(189,759)	142,610	197,182	1,488,953	(936,895)	(316,397)	97,105	(249,157)	(1,324,320)	-	(1,324,320)
Non-controlling interests	74,162	-	92,745	(39,553)	(9,860)	(259,367)	187,379	27,830	-	87,205	995,248	-	995,248
(Loss)/Profit attributable to Owners of the Company	(326,670)	545,870	(965,507)	103,057	187,322	1,229,586	(749,516)	(288,567)	97,105	(161,952)	(329,072)	-	(329,072)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. OPERATING SEGMENT (CONT'D)

2020 (Cont'd)	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/China	Taiwan	South Korea	Cambodia	Myanmar	Total	Inter-segment elimination	Group
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Segment assets	472,303,316	8,577,247	4,590,513	9,629,045	12,309,819	16,475,614	2,949,151	169,580	2,188,911	202,771	104,322,967	(28,413,438)	75,909,529
Investments in associates	507,755	-	-	-	-	-	-	-	-	-	507,755	-	507,755
<b>Consolidated total assets</b>	<b>477,380,711</b>	<b>8,577,247</b>	<b>4,590,513</b>	<b>9,629,045</b>	<b>12,309,819</b>	<b>16,475,614</b>	<b>2,949,151</b>	<b>169,580</b>	<b>2,188,911</b>	<b>202,771</b>	<b>104,830,722</b>	<b>(28,413,438)</b>	<b>76,417,284</b>
Segment liabilities	20,460,409	4,166,872	3,382,807	10,587,399	7,372,683	4,074,337	7,986,921	989,818	2,248,561	670,269	61,940,076	(22,498,342)	39,441,734
<b>Consolidated total liabilities</b>	<b>20,460,409</b>	<b>4,166,872</b>	<b>3,382,807</b>	<b>10,587,399</b>	<b>7,372,683</b>	<b>4,074,337</b>	<b>7,986,921</b>	<b>989,818</b>	<b>2,248,561</b>	<b>670,269</b>	<b>61,940,076</b>	<b>(22,498,342)</b>	<b>39,441,734</b>
<b>Other information</b>													
Capital expenditure	1,700,447	10,664	33,921	91,532	21,726	3,640	9,058	-	3,467	10,514	1,884,969	-	1,884,969
Amortisation of development expenditure	1,722,269	-	-	-	-	-	-	-	-	-	1,722,269	-	1,722,269
Depreciation	522,202	279,982	18,741	15,7961	506,029	149,907	230,774	2,474	98,715	3,357	2,139,122	-	2,139,122
Material non-cash items other than depreciation and amortisation													
- Bad debts written off	13,300	-	-	-	-	-	-	-	-	-	13,300	-	13,300
- Impairment losses on:													
- trade receivables	128,744	(377,015)	111,790	1,921	284,547	5,783	72,049	-	-	-	567,129	-	567,129
- other receivables	-	-	-	-	-	-	11,416	-	-	-	11,416	-	11,416
- Retirement benefits	-	-	40,420	-	57,523	-	-	-	-	-	97,943	-	97,943
- Net unrealised loss/(gain) on foreign exchange	48,676	28,292	1,602	36,799	6,884	(13,554)	(257,732)	(44,282)	17,213	6,230	(169,872)	(25,730)	(195,602)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture, fittings and office equipment	Motor Vehicle	Computers and peripherals	Renovations	Total
	RM	RM	RM	RM	RM
<b>At cost</b>					
At 1 January 2020	1,198,204	15,000	2,165,853	1,745,126	5,124,183
Additions	19,640	-	251,362	45,018	316,020
Write-off	(1,983)	-	(128,697)	(235,892)	(366,572)
Exchange differences	7,201	-	11,117	27,156	45,474
At 31 December 2020	1,223,062	15,000	2,299,635	1,581,408	5,119,105
Additions	22,005	-	237,331	-	259,336
Write-off	(2,190)	(15,000)	(16,219)	-	(33,409)
Disposals	-	-	(4,529)	-	(4,529)
Exchange differences	7,393	-	6,244	(3,729)	9,908
At 31 December 2021	1,250,270	-	2,522,462	1,577,679	5,350,411
<b>Accumulated depreciation</b>					
At 1 January 2020	552,279	1,750	1,663,625	1,136,850	3,354,504
Charge for the year	101,335	3,000	270,589	229,407	604,331
Write-off	(1,983)	-	(128,697)	(235,892)	(366,572)
Exchange differences	1,870	-	7,885	13,204	22,959
At 31 December 2020	653,501	4,750	1,813,402	1,143,569	3,615,222
Charge for the year	100,699	1,500	236,555	222,164	560,918
Write-off	(2,187)	(6,250)	(16,219)	-	(24,656)
Disposals	-	-	(2,717)	-	(2,717)
Exchange differences	5,069	-	3,944	(4,963)	4,050
At 31 December 2021	757,082	-	2,034,965	1,360,770	4,152,817
<b>Accumulated impairment</b>					
At 31 December 2020/ At 31 December 2021	43,178	-	12,594	3,004	58,776
<b>Carrying amount</b>					
At 31 December 2021	450,010	-	474,903	213,905	1,138,818
At 31 December 2020	526,383	10,250	473,639	434,835	1,445,107

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

All items of the property, plant and equipment are initially measured at costs. Subsequent to the initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated to write down the cost of the assets to its residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group.

The principal depreciation annual rates used are as follows:

Furniture, fittings and office equipment	10% - 20%
Motor vehicle	20%
Computers and peripherals	25%
Renovations	20%

At the end of the year, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

### 6. LEASES

#### The Group as lessee

##### Right-of-use assets

Group	Leasehold shop offices	
	2021 RM	2020 RM
<b>At cost</b>		
At 1 January	5,590,533	3,870,293
Additions	1,105,548	1,721,374
Modification	(212,444)	-
Write-off	(425,302)	-
Exchange differences	35,520	(1,134)
At 31 December	6,093,855	5,590,533
<b>Accumulated depreciation</b>		
At 1 January	2,872,339	1,344,002
Charge for the year	1,350,299	1,534,791
Write-off	(425,302)	-
Exchange differences	12,915	(6,454)
At 31 December	3,810,251	2,872,339
<b>Carrying amount</b>		
At 31 December	2,283,604	2,718,194

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. LEASES (CONT'D)

#### The Group as lessee (Cont'd)

##### Lease liabilities

Group	Leasehold shop offices	
	2021 RM	2020 RM
Balance as at 1 January	1,751,467	1,854,945
Additions	1,105,548	1,283,931
Modification	(230,137)	-
Lease payments	(1,434,716)	(1,545,432)
Interest expenses	108,905	156,279
Exchange differences	23,918	1,744
At 31 December	1,324,985	1,751,467
<b>Represented by:</b>	<b>2021 RM</b>	<b>2020 RM</b>
Current liabilities	741,422	1,247,847
Non-current liabilities	583,563	503,620
	1,324,985	1,751,467
Lease liabilities owing to non-financial institutions	1,324,985	1,751,467

- 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 re-measurement of the lease liabilities.
- 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 one (1) to sixty-eight (68) years.
- The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- At the end of the reporting date, three (2020: three) units of long term leasehold shop offices of the Group with carrying amount of RM811,554 (2020: RM823,680) are charged as collateral to secure the banking facilities granted to a subsidiary.
- The Group has certain leases of properties with lease term of 12 months or less. The Group applies the "short-term lease" exemptions for these leases.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. LEASES (CONT'D)

#### The Group as lessee (Cont'd)

##### Lease liabilities (Cont'd)

f. The following are the amounts recognised in profit or loss:

Represented by:	2021 RM	2020 RM
Depreciation charge of right-of-use assets (included in depreciation)	1,350,299	1,534,791
Interest expense on lease liabilities (included in finance costs)	108,905	156,279
Expense relating to short-term leases (included in other operating expenses)	516,937	302,619
	1,976,141	1,993,689

g. Total cash outflows for leases of the Group are as follows:

	2021 RM	2020 RM
Payments relating to short-term leases	516,937	302,619
Payments of lease liabilities	1,434,716	1,545,432
	1,951,653	1,848,051

h. The Group made the following cash payments to purchase right-of-use assets:

Group	2021 RM	2020 RM
Additions of right-of-use assets	1,105,548	1,721,374
Financed by lease liabilities	(1,105,548)	(1,283,931)
Cash payments on purchase of right-of-use assets	-	437,443

i. The following table sets out the carrying amounts, the incremental borrowing rate and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Incremental borrowing rate %	Within 1 year RM	1 - 2 years RM	Total RM
<b>31 December 2021</b>				
<b>Lease liabilities</b>				
Fixed rate	6.05 - 8.24	741,422	583,563	1,324,985
<b>31 December 2020</b>				
<b>Lease liabilities</b>				
Fixed rate	6.05 - 8.24	1,247,847	503,620	1,751,467

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 6. LEASES (CONT'D)

#### The Group as lessee (Cont'd)

##### Lease liabilities (Cont'd)

j. The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Within 1 year RM	1 - 2 years RM	Total RM
<b>31 December 2021</b>			
Lease liabilities	814,914	625,022	1,439,936
<b>31 December 2020</b>			
Lease liabilities	1,316,691	533,422	1,850,113

### 7. INTANGIBLE ASSETS

	Group	
	2021 RM	2020 RM
<b>Development expenditure</b>		
<b>Cost</b>		
At 1 January	19,223,294	17,657,557
Additions	1,459,045	1,568,949
Exchange differences	14,385	(3,212)
At 31 December	20,696,724	19,223,294
<b>Accumulated amortisation</b>		
At 1 January	14,211,993	12,492,936
Charge for the year	1,777,850	1,722,269
Exchange differences	14,385	(3,212)
At 31 December	16,004,228	14,211,993
<b>Accumulated impairment</b>		
At 1 January	-	-
Impairment loss recognised during the financial year	256,604	-
At 31 December	256,604	-
<b>Carrying amount</b>	<b>4,435,892</b>	<b>5,011,301</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. INTANGIBLE ASSETS (CONT'D)

- a. Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The expenditure capitalised includes direct labour and cost of materials that are directly attributable to preparing the asset for its intended use. Development expenditure is amortised from the commencement of the income recognition to which the asset relates on the straight line basis over the period of expected benefit of three (3) to five (5) years (2020: three (3) to five (5) years).

b.

	Group	
	2021 RM	2020 RM
The additions to the cost of intangible assets are analysed as follows:		
Other staff costs (Note 23)	1,395,235	1,566,769
Other software costs	63,810	2,180
	1,459,045	1,568,949

- c. Impairment loss on intangible assets of the Group of RM256,604 was recognised during the financial year due to decline in operation of a subsidiary of the Group as a result of the COVID-19 pandemic.

### 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
<b>Unquoted shares, at cost</b>		
At 1 January	15,835,819	15,835,819
Strike-off	(500,000)	-
At 31 December	15,335,819	15,835,819
<b>Accumulated impairment losses</b>		
At 1 January	500,000	500,000
Strike-off	(500,000)	-
At 31 December	-	500,000
	15,335,819	15,335,819

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- 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.

All components of non-controlling interests shall be initially measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of 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. The details of the subsidiaries are as follows:

	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
<b>Subsidiaries of the Company</b>				
Innity Sdn. Bhd.	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services.
Spiral Vibe Sdn. Bhd.	Malaysia	-	100%	Dormant
PassionCo Sdn. Bhd.	Malaysia	100%	100%	Dormant
<b>Subsidiaries of Innity Sdn. Bhd.</b>				
Innity Limited*	Hong Kong	100%	100%	Investment holding company
PT Media Innity*	Indonesia	51%	51%	Provision of technology based online advertising solutions and other related internet services
DoMedia Asia Sdn. Bhd.	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity China Co., Limited	Hong Kong	80%	80%	Provision of technology based online advertising solutions and other related internet services
Innity Philippines Inc.*	Philippines	95%	95%	Provision of technology based online advertising solutions and other related internet services
Native Media Sdn. Bhd.	Malaysia	-	100%	Dormant
Appsploration Sdn. Bhd.	Malaysia	75%	75%	Developing computer and mobile software applications
Innity Shanghai Ltd.*	China	100%	100%	Dormant
Dynamic Outdoor Media Sdn. Bhd.	Malaysia	100%	100%	Provision of Wi-Fi services for food and beverages outlets, shopping centers and townships
Offerstation Sdn. Bhd.	Malaysia	90%	90%	Operate promotional and sales events information website
Innity Korea Co., Ltd.* #	South Korea	80%	80%	Provision of technology based online advertising solutions and other related internet services
Innity Myanmar Co., Ltd.* #	Myanmar	65%	65%	Provision of technology based online advertising solutions and other related internet services



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

b. The details of the subsidiaries are as follows:

	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
<b>Subsidiaries of Innity Sdn. Bhd. (Cont'd)</b>				
Innity (Cambodia) Co., Ltd.* #	Cambodia	100%	100%	Provision of technology based online advertising solutions and other related internet services
<b>Subsidiaries of Innity Limited</b>				
Innity Singapore Pte. Ltd.*	Singapore	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity Vietnam Co., Ltd.*	Vietnam	88%	88%	Software production house
<b>Subsidiary of Innity Vietnam Co., Ltd.</b>				
Innity Software and Advertising Co., Ltd. ("ISACL")*	Vietnam	79%	79%	Provision of technology based online advertising solutions and other related internet services
<b>Subsidiary of Innity China Co., Limited</b>				
Innity Taiwan Limited ("ITL")*	Belize	80%	80%	Provision of technology based online advertising solutions and other related internet services
Passionation (Hong Kong) Limited ("Passionation HK")*	Hong Kong	80%	80%	Development of content and influencer marketing

\* Subsidiaries not audited by BDO PLT and BDO member firms.

# No statutory audit requirement.

c. Changes in the Group's composition during the reporting period

- i. Spiral Vibe Sdn. Bhd. ("Spiral Vibe"), a wholly-owned subsidiary of Innity Corporation Berhad ("ICB"), had been struck off from the Register and published in the Gazette on 16 March 2021 pursuant to Section 551 of the Companies Act 2016.
- ii. Native Media Sdn. Bhd. ("Native"), an indirect wholly-owned subsidiary of ICB, had been struck off from the Register and published in the Gazette on 16 March 2021 pursuant to Section 551 of the Companies Act 2016.

The striking off of Spiral Vibe and Native have no material financial impact to the Group as Spiral Vibe and Native were dormant prior to its striking off arrangement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

d. Changes in the Group's composition during the financial year ended 31 December 2020

- i. Innity Myanmar Co., Ltd. ("Innity Myanmar"), a wholly-owned subsidiary of Innity Sdn. Bhd. ("ISB"), had issued additional 40,000 new ordinary shares. The 31,500 and 8,500 new ordinary shares were subscribed by Myanmar Marketing Research and Development ("MMRD") and ISB respectively via total cash consideration of USD40,000 (or equivalent to RM162,360 at the exchange rate of USD1: RM4.059) on 17 January 2020 and 11 February 2020. Upon the completion of the subscription, the Group's effective equity interest in shares of Innity Myanmar was diluted from 100% to 65%.
- ii. On 6 August 2020, Innity Korea Co., Ltd. ("Innity Korea"), a 90% direct-owned subsidiary of Innity Sdn Bhd. ("ISB"), had issued additional 6,765 new ordinary shares at par value to Mr. Lee Kyoung Min and Mr. Lee Tae Jong to reward their contribution to Innity Korea. Accordingly, KRW33,825,000 (or equivalent to RM119,312 at the exchange rate of KRW1:RM0.003527) was recognised as share-based payment expenses on 6 August 2020 by the Group. Upon the completion of the issuance, the Group's effective equity interest in the shares of Innity Korea was diluted from 90% to 80%.

e. Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries with NCI that is material to the Group.

	2021 RM	2020 RM
Carrying amount of non-controlling interests:		
Innity China Co., Limited Group ("ICCL Group")*	1,480,534	1,354,800
PT Media Innity ("PTM")	566,452	581,884
Other subsidiaries with immaterial non-controlling interests	(347,042)	(206,595)
	1,699,944	1,730,089
Profit/(Loss) attributable to non-controlling interests:		
ICCL Group*	101,653	71,988
PTM	(49,313)	(927,452)
Other subsidiaries with immaterial non-controlling interests	(112,875)	(139,784)
	(60,535)	(995,248)
Total comprehensive profit/(loss) attributable to non-controlling interests:		
ICCL Group*	125,734	(408)
PTM	(15,433)	(971,884)
Other subsidiaries with immaterial non-controlling interests	(121,458)	(131,349)
	(11,157)	(1,103,641)

\*Includes companies that are held by ICCL as disclosed in Note 8(b) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- e. Interest in subsidiaries with material non-controlling interests ("NCI") (Cont'd)

#### Summarised financial information about subsidiaries with material NCI

- i. Summarised statements of financial position

	ICCL Group		PTM	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current</b>				
Assets	16,669,841	14,223,344	5,136,139	4,058,714
Liabilities	(10,320,218)	(10,231,793)	(3,949,222)	(2,929,445)
<b>Net current assets</b>	<b>6,349,623</b>	<b>3,991,551</b>	<b>1,186,917</b>	<b>1,129,269</b>
<b>Non-current assets</b>	<b>3,245,156</b>	<b>4,860,028</b>	<b>277,493</b>	<b>511,612</b>
<b>Non-current liabilities</b>	<b>(2,192,111)</b>	<b>(2,077,579)</b>	<b>(308,386)</b>	<b>(453,362)</b>
<b>Net assets</b>	<b>7,402,668</b>	<b>6,774,000</b>	<b>1,156,024</b>	<b>1,187,519</b>

- ii. Summarised statements of profit or loss and other comprehensive income

	ICCL Group		PTM	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	23,339,922	22,624,481	5,655,745	3,708,082
Profit/(Loss) before tax	618,091	485,063	154,887	(1,868,920)
Profit/(Loss) for the year	508,264	359,941	(100,638)	(1,892,759)
Total comprehensive income/(loss)	628,665	(2,038)	(31,496)	(1,983,437)

- iii. Other summarised information

	ICCL Group		PTM	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flow (used in)/from operating activities	(56,475)	430,778	(372,884)	(2,164,979)
Cash flows from/(used in) investing activities	296,346	(78,968)	(1,274)	(33,921)
Cash flow used in financing activities	(381,565)	(502,445)	-	(152,553)
Effect of changes in foreign exchange	(1,904)	(9,616)	-	-
Net decrease in cash and cash equivalents	(143,598)	(160,251)	(374,158)	(2,351,453)

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 9. INVESTMENTS IN AN ASSOCIATES

	Group	
	2021 RM	2020 RM
Unquoted shares, at cost	108,106	108,106
Share of post-acquisition profit of associates	565,027	312,683
Exchange difference	31,756	86,966
	704,889	507,755

- a. Investment in an associate is measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- b. The details of the associate is as follows:

	Country of incorporation/ Principal place of business	Group's effective and voting interests		Principal activities
		2021	2020	
<b>Associate of the Company</b>				
<b>Held through Innity Limited</b>				
Innity Digital Media (Thailand) Co., Ltd. ("Innity Thailand")*	Thailand	49%	49%	Provision of technology based online advertising solutions and other related internet services

\* Associates not audited by BDO PLT and BDO member firms.

Innity Thailand is a result of the business alliance of the Group to access new customers in Thailand market.

The summarised financial information of the material associate is as follows:

	Innity Thailand RM
<b>2021</b>	
<b>Assets and liabilities</b>	
Non-current assets	133,997
Current assets	5,550,650
Total assets	5,684,647
Current liabilities/Total liabilities	4,246,096
<b>Net assets</b>	1,438,551
<b>Results</b>	
Revenue	8,213,831
Profit for the year/Total comprehensive income for the year	514,987

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. INVESTMENTS IN AN ASSOCIATES (CONT'D)

- b. The details of the associate is as follows: (Cont'd)

The summarised financial information of the material associates is as follows: (Cont'd)

	<b>Innity Thailand RM</b>
<b>2020</b>	
<b>Assets and liabilities</b>	
Non-current assets	304,651
Current assets	4,925,905
<b>Total assets</b>	<b>5,230,556</b>
Current liabilities/Total liabilities	4,194,322
<b>Net assets</b>	<b>1,036,234</b>
<b>Results</b>	
Revenue	6,393,121
Loss for the year	(284,580)
Total comprehensive loss for the year	(284,109)

Reconciliation of the summarised financial information presented to the carrying amount of the investments in associates is as follows:

	<b>Innity Thailand RM</b>
<b>2021</b>	
Group's share of net assets	704,889
<b>2020</b>	
Group's share of net assets	507,755

- c. When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognised of further losses is discontinued except to the extent that Group has an obligation to fund the investee's operations or has made payment on behalf of these investee.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 10. GOODWILL

	Group	
	2021 RM	2020 RM
<b>Cost</b>		
At 1 January/31 December	442,872	442,872
<b>Accumulated impairment losses</b>		
At 1 January/ 31 December	442,872	442,872
<b>Carrying amount</b>		
At 1 January/ 31 December	-	-

- i. Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- ii. Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ('CGU') for impairment testing as follows:

	Wi-Fi Advertising Platform	Digital Advertising Platform	Total
	RM	RM	RM
Goodwill, gross	148,049	294,823	442,872
Less: Impairment loss	(148,049)	(294,823)	(442,872)
Carrying amount	-	-	-

- iii. In the previous financial years, the Group had recognised an impairment loss of RM148,909 and RM294,823 in respect of CGU of Wi-Fi and Digital Advertising Platform respectively as the carrying amounts exceeded the recoverable amounts and this impairment loss had been recorded in profit or loss. The recoverable amounts were below the carrying amounts due to declining business operation in these CGU.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 11. DEFERRED TAX

#### Recognised deferred tax assets and liabilities

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2021 RM	2020 RM
Deferred tax assets	697,858	917,815
Deferred tax liabilities	(531,483)	(812,363)
	166,375	105,452

- a. The amount of the deferred tax income or expense recognised in the statements of profit or loss and statements of comprehensive income during the financial year are as follows:

	Note	Group	
		2021 RM	2020 RM
At 1 January		105,452	103,005
Recognised in profit or loss	27		
- current year			
- Malaysia		325,927	(37,689)
- Outside Malaysia		(193,898)	97,807
- under provision in prior years			
- Malaysia		(16,515)	(72,419)
		115,514	(12,301)
Recognised in other comprehensive income	27(d)	(42,192)	12,151
Exchange differences		(12,399)	2,597
At 31 December		166,375	105,452

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. DEFERRED TAX (CONT'D)

#### Recognised deferred tax assets and liabilities (Cont'd)

- b. The components of deferred tax assets and liabilities at the end of each reporting period comprise the tax effects of:

	Group	
	2021 RM	2020 RM
Deferred tax assets (before offsetting)		
- Retirement benefit obligations	116,386	170,305
- Unutilised tax losses and unabsorbed capital allowances	6,007	-
- Lease liabilities	32,548	175,376
- Impairment losses on trade receivables	453,647	635,402
- Other deductible temporary differences	851,297	464,056
	1,459,885	1,445,139
Offsetting	(762,027)	(527,324)
Deferred tax assets (after offsetting)	697,858	917,815
Deferred tax liabilities (before offsetting)		
- Carrying amount of development expenditure	(1,063,896)	(1,088,589)
- Excess of tax capital allowances over related depreciation of plant and equipment	(45,891)	(24,590)
- Other deductible temporary differences	(183,723)	(226,508)
	(1,293,510)	(1,339,687)
Offsetting	762,027	527,324
Deferred tax liabilities (after offsetting)	(531,483)	(812,363)
	166,375	105,452



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. DEFERRED TAX (CONT'D)

#### Unrecognised deferred tax assets

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows (stated at gross):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other deductible temporary differences	12,461	14,205	-	-
Unabsorbed capital allowances	207,061	198,279	-	-
Unutilised tax losses allowed to be utilised up to financial year ending 31 December				
-No expiry date	-	94,400	-	-
-2021	-	59,955	-	-
-2022	52,219	186,850	-	-
-2023	66,330	68,516	-	-
-2024 to 2036	13,480,331	10,750,572	280,172	-
	13,818,402	11,372,776	280,172	-

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

Unrecognised deferred tax assets arising from unutilised tax losses amounting to RM59,955 from the financial year 2016 has expired during the current financial year.

### 12. INVENTORIES

	Group	
	2021 RM	2020 RM
<b>At cost</b>		
Inventories	78,045	-

- Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out formula. Cost comprises purchase price plus cost incurred in bringing the inventories to their present condition and location.
- The inventories represent trading goods for e-commerce business.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 13. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
Third parties	39,836,590	40,282,661
Amount due from an associate	180,383	108,187
	40,016,973	40,390,848
Less: Impairment losses	(2,585,320)	(3,242,758)
	37,431,653	37,148,090

- Trade receivables are classified as financial assets and measured at amortised cost.
- Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 days to 150 days (2020: 30 days to 150 days). Trade receivables are recognised at the original invoices values, which represent the fair values on initial recognition.
- Foreign currency exposure of trade receivables of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2021 RM	2020 RM
United States Dollar	1,794,774	1,103,615

- 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 is exposed to credit risk.

The Group uses a provision matrix to measure the expected credit loss ("ECL") of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the geographical regions.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (digital advertising expenditure (ADEX)) 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 in the statements 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.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. TRADE RECEIVABLES (CONT'D)

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

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

Group	2021		
	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
Current (not past due)	10,086,077	(23,999)	10,062,078
1 - 30 days past due	10,326,985	(187,625)	10,139,360
31 - 60 days past due	6,061,872	(109,368)	5,952,504
61 - 90 days past due	4,970,855	(154,703)	4,816,152
91 - 120 days past due	2,434,321	(160,555)	2,273,766
More than 120 days past due	6,136,863	(1,949,070)	4,187,793
	40,016,973	(2,585,320)	37,431,653

Group	2020		
	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
Current (not past due)	7,253,106	(11,608)	7,241,498
1 - 30 days past due	14,215,846	(81,201)	14,134,645
31 - 60 days past due	6,878,698	(95,363)	6,783,335
61 - 90 days past due	5,329,111	(85,023)	5,244,088
91 - 120 days past due	3,104,363	(71,616)	3,032,747
More than 120 days past due	3,609,724	(2,897,947)	711,777
	40,390,848	(3,242,758)	37,148,090

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. TRADE RECEIVABLES (CONT'D)

- e. Reconciliation of movements in impairment losses on trade receivables are as follows:

	2021 RM	2020 RM
At 1 January	3,242,758	2,657,320
Charge for the year	55,793	567,129
Written off	(702,910)	-
Exchange differences	(10,321)	18,309
At 31 December	2,585,320	3,242,758

- f. Included in trade receivables is amounts due from subsidiaries of a corporate shareholder which amounted to RM125,809 (2020: RM854,820).
- g. Trade receivables of a subsidiary amounting to RM8,666,666 (2020: RM Nil) has been pledged to a licensed bank for factoring facility granted to the subsidiary.

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	1,260,395	1,422,096	3	3
Amounts due from subsidiaries	-	-	547,427	-
Amounts due from associates	416,069	756,095	81,834	-
	1,676,464	2,178,191	629,264	3
Less: Impairment losses	(550,115)	(544,267)	(60,086)	-
	1,126,349	1,633,924	569,178	3
Deposits	739,534	682,850	1,500	1,500
Total other receivables and deposits	1,865,883	2,316,774	570,678	1,503
Contract assets	3,428,935	3,140,549	-	-
Prepayments	1,146,962	1,154,087	8,714	5,104
	6,441,780	6,611,410	579,392	6,607

- a. Other receivables and deposits are classified as financial assets and measured at amortised cost.

Amounts due from subsidiaries and associates represent payments made on behalf and advances given, which are unsecured and receivable within next twelve months in cash and cash equivalents in which outstanding balances will be charged for 1.50% (2020: 2.075%).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- b. Foreign currency exposure of other receivables (including amounts due from associates) and deposits of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2021 RM	2020 RM
United States Dollar	55,720	89,595

- c. Reconciliation of movements in impairment losses on other receivables are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	544,267	529,688
Charge for the year	-	11,416
Exchange differences	5,848	3,163
At 31 December	550,115	544,267

Other receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- d. Impairment for amount due from subsidiaries and associates

Generally, the Group and the Company consider loans and advances to subsidiaries and associates have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the financial position of a subsidiary or an associate deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the subsidiaries' and associates' loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries and the associates are not able to pay when demanded. The loan or advance of the subsidiary or associate to be considered as credit impaired when:

- the subsidiary or associate is unlikely to repay its loan or advance to the Group or the Company in full;
- the subsidiary or associate is continuously loss making and is having a deficit shareholders' fund; and
- past due 60 days.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

d. Impairment for amount due from subsidiaries and associates (Cont'd)

The following tables provides information about the exposure to credit risk and ECLs for subsidiaries' and associates' loans and advances as at 31 December 2021 and 31 December 2020:

<b>31 December 2021</b>			
	<b>Gross carrying amount</b>	<b>Impairment losses</b>	<b>Net balance</b>
<b>Group</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Low credit risk	416,069	-	416,069
<b>Company</b>			
Low credit risk	569,175	-	569,175
Credit impaired	60,086	(60,086)	-
	629,261	(60,086)	569,175

<b>31 December 2020</b>			
	<b>Gross carrying amount</b>	<b>Impairment losses</b>	<b>Net balance</b>
<b>Group</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Low credit risk	756,095	-	756,095
<b>Company</b>			
Low credit risk	-	-	-
Credit impaired	-	-	-
	-	-	-

Reconciliation of movements in impairment losses on amounts due from subsidiaries are as follows:

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
At 1 January	-	2,500
Charge for the financial year	60,086	-
Reversal of impairment losses	-	(2,500)
At 31 December	60,086	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- e. Contract assets represent the timing differences in revenue recognition and the billings. The billings are issued upon the completion of contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer.

No expected credit losses were recognised arising from contract assets as it is negligible.

### 15. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	27,248,073	19,073,671	453,212	188,651
Fixed deposits with licensed banks	2,780,319	2,253,509	-	-
	30,028,392	21,327,180	453,212	188,651
Less: Fixed deposits pledged to licensed banks	(1,977,981)	(1,993,643)	-	-
Less: Bank overdraft (Note 21)	-	(1,292,189)	-	-
Cash and cash equivalents included in the statements of cash flows	28,050,411	18,041,348	453,212	188,651

- a. Cash and bank balances are financial assets that are measured at amortised cost which have an insignificant risk of changes in fair value, and are used by the Group and the Company in the management of their short term commitments.
- b. Fixed deposits with licensed banks of the Group have a maturity period of 1 month to 12 months (2020: 1 month to 12 months). These fixed deposits to be matured in next 3 months from the reporting date.

Fixed deposit of a subsidiary amounting to RM150,496 (2020: RM143,454) has been pledged to third party for supply of services to the subsidiary. Another fixed deposits of a subsidiary amounting to RM1,827,485 (2020: RM1,850,189) has been pledged for credit facilities granted to a subsidiary as disclosed in Note 21 to the financial statements.

The weighted average effective interest rate of fixed deposits with licensed banks of the Group as at the end of reporting period is between 0.25% - 2.90% (2020: 0.25% - 3.35%).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. CASH AND BANK BALANCES (CONT'D)

- c. Foreign currency exposure of cash and bank balances other than the functional currency of the Group entities is as follows:

	Group	
	2021 RM	2020 RM
Chinese Renminbi	20,211	48
Hong Kong Dollar	153,262	148,898
Myanmar Kyat	174,295	-
United States Dollar	7,271,452	5,424,511

- d. No expected credit losses were recognised arising from deposits with financial institutions because the probability of default by these financial institutions were negligible.

### 16. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	Amount RM	Number of shares	Amount RM
<b>Issued and fully paid ordinary shares</b>				
At 1 January	139,103,415	19,342,031	139,103,415	19,342,031
Issuance of ordinary shares pursuant to:				
- ESS exercised	300,000	135,000	-	-
At 31 December	139,403,415	19,477,031	139,103,415	19,342,031

- a. During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 139,103,415 ordinary shares to 139,403,415 by way of issuance of 300,000 new ordinary shares pursuant to Employees' Share Scheme ("ESS") at exercise price of RM0.45 per ordinary share.

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

- b. The Owners of the Company are entitled to receive dividends as and when declared by the Company and entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Reverse acquisition reserve (legal capital adjustment)	(2,512,173)	(2,512,173)	-	-
Foreign currency translation reserve	(223,193)	(155,897)	-	-
	(2,735,366)	(2,668,070)	-	-
Retained profits/(Accumulated losses)	21,797,647	18,571,500	(4,265,873)	(4,328,284)
	19,062,281	15,903,430	(4,265,873)	(4,328,284)

a. **Reverse acquisition reserve**

Reverse acquisition reserve arose from the reverse acquisition of the Company by Innity Sdn. Bhd..

b. **Foreign currency translation reserve**

Foreign currency 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 presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

### 18. RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2021 RM	2020 RM
Present value of retirement benefit obligations/Net liability arising from retirement benefit obligations	502,549	688,580

- a. Retirement benefit obligations are post employment benefit plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

The defined benefit liability recognised is net total of the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised past service cost.

The present value of the defined benefit obligation is determined by independent qualified actuaries using the Projected Unit Credit Method, by discounting estimated future cash outflows using interest rates of high quality corporate bonds or market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the defined benefit obligations.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

- a. Remeasurements comprising actuarial gains or losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the reporting period in which they arise and it would not be reclassified to profit or loss in subsequent periods.
- b. The movements in the present value of the retirement benefit obligations are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	688,580	604,552
Expenses/(Income) recognised in profit or loss (included in staff costs)		
- current service cost	139,831	144,371
- interest cost	37,028	39,275
- gain on settlement	(184,509)	(85,703)
Remeasurement of retirement benefit obligations recognised in other comprehensive income	(177,130)	49,298
Retirement benefit paid	-	(60,590)
Exchange differences	(1,251)	(2,623)
At 31 December	502,549	688,580

- c. The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, PT Media Innity and Innity Philippines Inc., in accordance with the legislations established in Indonesia and Philippines respectively.

The principal actuarial assumptions used are as follows:

For the reporting period	Discount rate %	Annual salary increase %
2021		
- Indonesia	7.50	8.00
- Philippines	5.22	5.00
2020		
- Indonesia	7.50	8.00
- Philippines	4.20	6.00

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 benefit obligations.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

d. 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.

	Group	
	2021 RM	2020 RM
Discount rate:		
- if 1% increase	(82,652)	(114,097)
- if 1% decrease	101,112	140,638
Annual salary:		
- if 1% increase	99,752	137,368
- if 1% decrease	(83,114)	(113,803)

### 19. TRADE PAYABLES

	Group	
	2021 RM	2020 RM
Third parties	26,138,222	24,561,995
Amounts due to associates	134,071	128,113
	26,272,293	24,690,108

- Trade payables are classified as financial liabilities and measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credits granted to the Group range from 30 to 90 days (2020: 30 to 90 days).
- Included in trade payables is provision of direct costs to publishers for on-going advertising activities as of end of the reporting period which amounted to RM18,221,035 (2020: RM16,239,666).

The provision of direct costs to the publishers require the management to exercise significant judgement in providing the profit margins from individual advertising campaigns as of end of the reporting period. The group determines the sufficiency of these provision for direct costs to publishers based on rate card profit margin and the number of unit served for each of the on-going advertising campaign as of end of reporting period. Actual payments may differ from these direct cost provided when the final settlements are reached between the parties. However, the Group does not expect material differences arising from the final settlements with the publishers upon completion of the campaigns.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. TRADE PAYABLES (CONT'D)

- d. Foreign currency exposure of trade payables of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2021 RM	2020 RM
Euro	3,312	-
Hong Kong Dollar	5,712	3,234
Indonesian Rupiah	7,052	1,295
New Taiwan Dollar	9,866	50,671
Philippines Peso	14,187	18,986
Singapore Dollar	206,018	20,569
Thai Baht	141,949	179,174
United States Dollar	747,497	536,194
Vietnamese Dong	724	231,333

### 20. OTHER PAYABLES, CONTRACT LIABILITIES AND ACCRUALS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current liabilities</b>				
Amount due to a subsidiary	-	-	302,404	387,600
<b>Current liabilities</b>				
Other payables	1,592,787	1,279,463	30,000	1,730
Amount due to a subsidiary	-	-	285,941	-
Amount due to an associate	23,909	8,899	-	-
Accruals	4,501,959	2,426,323	464,971	128,000
Other payables and accruals	6,118,655	3,714,685	780,912	129,730
Contract liabilities	3,843,431	2,885,250	-	-
Indirect tax payable	2,370,554	2,355,096	-	-
Statutory liabilities	962,055	730,640	73,949	-
	13,294,695	9,685,671	854,861	129,730
<b>Total other payables, contract liabilities and accruals</b>	13,294,695	9,685,671	1,157,265	517,330

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. OTHER PAYABLES, CONTRACT LIABILITIES AND ACCRUALS (CONT'D)

- a. Other payables and accruals are classified as financial liabilities and measured at amortised cost.
- b. The contract liabilities are stated at cost and represent the obligation primarily related to the advance consideration received or due from customers, which revenue is recognised over a period of time for services to be rendered. The contract liabilities are expected to be derecognised when the performance obligations of the contract are met.

The amount of RM2,885,250 recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 December 2021. The amount of RM3,843,431 recognised in contract liabilities at the end of the reporting period is expected to be recognised as revenue in the next financial year.

- c. Amount due to a subsidiary represents advances and payments made on behalf, which are unsecured, interest free and payable in four years starting 2022 in cash and cash equivalents except for interest bearing amount, which bears interest at rate of 1.50% and payable within twelve (12) months in cash and cash equivalents.
- d. Amount due to an associate represents advances and payments made on behalf, which are unsecured, interest free and payable within twelve (12) months in cash and cash equivalents.
- e. Foreign currency exposure of other payables and accruals of the Group other than the functional currency of the Group entities is as follows:

	Group	
	2021 RM	2020 RM
Thai Baht	20,617	5,269
United States Dollar	50,380	23,933

### 21. BORROWINGS

	Group	
	2021 RM	2020 RM
<b>Current</b>		
Secured:		
Term loans	31,244	19,979
Bank overdrafts (Note 15)	-	1,292,189
	31,244	1,312,168
<b>Non-current</b>		
Secured:		
Term loans	309,261	337,021

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 21. BORROWINGS (CONT'D)

	Group	
	2021 RM	2020 RM
<b>Total borrowings</b>		
Secured:		
Term loans	340,505	357,000
Bank overdrafts (Note 15)	-	1,292,189
	340,505	1,649,189
<b>Maturities of borrowings:</b>		
Not later than 1 year	31,244	1,312,168
Later than 1 year and not later than 5 years	136,007	130,676
More than 5 years	173,254	206,345
<b>Total</b>	340,505	1,649,189

- a. Borrowings are classified as financial liabilities and measured at amortised cost.
- b. Term loan and bank overdrafts of the Group are secured by a charge over a subsidiary's office building and fixed deposits with licensed banks as disclosed in Note 6(d) and Note 15(b) to the financial statements respectively. In addition, the term loan is guaranteed by the Company.
- c. Term loan
 

On 3 January 2020, Innity Sdn. Bhd. obtained a term loan from HSBC Bank Malaysia Berhad. The salient terms of the facility are as follows:

  - i. Facility amount: RM357,000.
  - ii. Bank interest rate: 1.77% p.a. + Kuala Lumpur Interbank Offered Rate.
  - iii. Purpose: To finance the purchase of 1 unit of office lot known as Unit No. C605, Block C, Level 6, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.
  - iv. Tenure: Ten (10) years or one hundred and twenty (120) months.
  - v. Payment: Principal shall be repayable in monthly instalments such instalment amounts shall be inclusive of interest commencing from May 2021.
- d. The weighted average effective interest rates are as follows:

	Group	
	2021 %	2020 %
Term loan	3.36	3.62
Bank overdraft	-	8.24

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 21. BORROWINGS (CONT'D)

- e. The term loan and bank overdraft 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.
- f. The term loan and bank overdraft are denominated in Ringgit Malaysia.
- g. The table below summarises the maturity profile of the Group's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
<b>Group</b>				
<b>2021</b>				
Term loan	42,206	211,031	144,214	397,451
Bank overdraft	-	-	-	-
Total undiscounted financial liabilities	42,206	211,031	144,214	397,451
<b>2020</b>				
Term loan	28,403	213,020	184,594	426,017
Bank overdraft	1,292,189	-	-	1,292,189
Total undiscounted financial liabilities	1,320,592	213,020	184,594	1,718,206

- h. Carrying amount of the loans and borrowings are reasonable approximation of fair values due to the current rates offered to the Group approximate the market rates of similar borrowing of the same remaining maturities.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 22. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Revenue from contracts with customers:</b>				
Technology based online advertising solutions	119,728,389	102,748,285	-	-
Sales of goods	1,583	-	-	-
Management fees from:				
- subsidiaries	-	-	3,153,584	-
- an associate	240,899	283,440	240,899	-
	119,970,871	103,031,725	3,394,483	-
<b>Other revenue:</b>				
Dividend income from a subsidiary	-	-	705,301	-
	119,970,871	103,031,725	4,099,784	-
<b>Timing of revenue recognition:</b>				
Products and services transferred over time	119,969,288	103,031,725	3,394,483	-
Products and services transferred at a point in time	1,583	-	-	-
Revenue from contracts with customers	119,970,871	103,031,725	3,394,483	-

- a. Revenue from sale of technology based online advertising solutions is recognised over time when the services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services were made on the normal credit terms not exceeding twelve months.

- b. Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customers and coincide with the delivery of goods and acceptance by customers.

There is no significant financing component in the revenue arising from sales of goods as sales were made on the normal credit terms not exceeding twelve months.

- c. Management fees from the provision of management services to the subsidiaries and the associate are recognised over time when the subsidiaries and the associate simultaneously receive and consume the benefits.

- d. Dividend income is recognised when the right of the Company to receive payment is established.

- e. Revenue from contracts with customers is disaggregated in Note 4 by geographical market.



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 23. STAFF COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and bonus	32,965,518	30,745,844	440,333	131,500
Defined contribution plan	2,339,788	2,274,840	14,454	-
Defined benefit plan	(7,650)	97,943	-	-
Employee share scheme	135,000	-	-	-
Share-based payment	-	119,312	-	-
Other employee related expenses	3,300,690	3,046,996	203,826	13,860
	38,733,346	36,284,935	658,613	145,360
Staff costs recognised as intangible assets (Note 7)	(1,395,235)	(1,566,769)	-	-
	37,338,111	34,718,166	658,613	145,360

- a. The number of Directors of the Group where total remuneration during the reporting period falls within the following bands is analysed as follows:

	2021	2020
<b>Executive Directors:</b>		
RM250,001 to RM300,000	-	1
RM300,001 to RM350,000	1	1
RM350,001 to RM400,000	1	-
RM600,001 to RM650,000	-	1
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	-	1
RM850,001 to RM900,000	1	-
<b>Non-Executive Directors:</b>		
RM Nil	4	4
Below RM50,000	3	3

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 23. STAFF COSTS (CONT'D)

- b. The remuneration received and receivable by the Directors of the Company during the reporting period are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Executive Directors:</b>				
Salaries, wages and bonus	1,861,515	1,597,672	-	-
Defined contribution plan	195,922	176,258	-	-
Fees included in profit or loss	211,360	224,900	-	-
	2,268,797	1,998,830	-	-
<b>Non-Executive Directors:</b>				
Remuneration other than fees included in profit or loss	13,500	5,500	13,500	5,500
Fees included in profit or loss	126,000	126,000	126,000	126,000
	139,500	131,500	139,500	131,500
<b>Total</b>	<b>2,408,297</b>	<b>2,130,330</b>	<b>139,500</b>	<b>131,500</b>

### 24. EMPLOYEES' SHARE SCHEME ("ESS")

The ESS is granted by the By-Laws which were approved by the shareholders on 1 July 2015. On 4 June 2018, the Company implemented ESS, which is in force for a period of five (5) years until 3 June 2023 ("the scheme period").

The salient features of the ESS as contained in the By-Laws are as follows:

- a. The ESS is made available to Senior Management and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- b. The total number of shares offered under the ESS shall not, in aggregate, exceed 5% of the issued and paid-up share capital of the Company at any time during the existence of the ESS;
- c. The Participant will not be required to pay for the new ESS Shares that may be issued and allotted to them and/or the existing Company Shares to be transferred to them pursuant to the Proposed ESS;
- d. The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the ESS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:
  - i. not more than 80% of the shares available under the ESS shall be allocated in aggregate to the Senior Management of the Company and its subsidiaries; and
  - ii. not more than 10% of the total number of ESS Shares shall be allocated to a Participant, who, either singly or collectively through persons connected with the Participant, holds twenty percent (20%) or more of our issued and paid-up share capital.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. EMPLOYEES' SHARE SCHEME ("ESS") (CONT'D)

The ESS is granted by the By-Laws which were approved by the shareholders on 1 July 2015. On 4 June 2018, the Company implemented ESS, which is in force for a period of five (5) years until 3 June 2023 ("the scheme period"). (Cont'd)

The salient features of the ESS as contained in the By-Laws are as follows: (Cont'd)

- e. A share award is granted under the ESS may be exercised by the grantee upon achieving the vesting conditions set by the ESS Committee; and
- f. The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company.

Since the implementation of the ESS until end of the financial year, a total of 1,000,000 shares award had been granted to a Senior Management of the Group. The entire 1,000,000 shares award had been exercised since the implementation of the ESS until end of the financial year.

There were no share award granted to the Executive Directors of the Company and its subsidiaries during the financial year. Since the implementation of the ESS until end of the financial year, none of the Executive Directors of the Company and its subsidiaries had been granted any share award under the ESS.

### 25. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit/(Loss) from operations is arrived at after charging:</b>				
Auditors' remuneration				
- auditors of the Company				
- statutory				
- current year	161,000	147,000	81,000	78,000
- non-statutory				
- current year	6,000	6,000	6,000	6,000
- auditors of subsidiaries				
- current year	204,704	204,847	-	-
- under provision in prior year	-	16,614	-	-
Bad debts written off	-	13,300	-	-
Expenses relating to short-term leases	516,937	302,619	-	-
Impairment losses on development expenditure	256,604	-	-	-
Impairment losses on financial assets				
- trade receivables	55,793	567,129	-	-
- other receivables	-	11,416	60,086	-
Loss on foreign exchange				
- realised	115,732	126,300	2,060	804
- unrealised	25,865	106,680	-	-
Property, plant and equipment written off:	8,753	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit/(Loss) from operations is arrived at after charging: (Cont'd)</b>				
and crediting:				
Gain on disposal of plant and equipment, net	(168)	-	-	-
Gain on disposal of associate	-	(528,449)	-	(3)
Gain on foreign exchange				
- realised	(114,941)	(68,893)	-	-
- unrealised	(540,680)	(302,282)	(856)	-
Fair value gain on other financial liabilities	-	-	-	(87,289)
Interest income				
- fixed and short term bank deposits	(109,606)	(180,358)	(49,730)	(40,245)
- subsidiaries	-	-	(4,239)	-
- an associate	(10,596)	(18,868)	(880)	-
Reversal of impairment losses on financial assets:				
- other receivables	-	-	-	(2,500)

### 26. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Interest expense on:</b>				
- advance from a subsidiary	-	-	9,352	-
- term loan	11,515	1,185	-	-
- bank overdraft	28,975	68,369	-	-
- lease liabilities	108,905	156,279	-	-
	149,395	225,833	9,352	-

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 27. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Estimated income tax payable</b>				
- current year				
- Malaysia	1,642,693	612,787	-	-
- Outside Malaysia	680,404	406,805	-	-
- under/(over) provision in prior years				
- Malaysia	13,161	57,479	-	-
- Outside Malaysia	(5,331)	5,094	-	-
	2,330,927	1,082,165	-	-
<b>Deferred tax (Note 11)</b>				
- current year				
- Malaysia	(325,927)	37,689	-	-
- Outside Malaysia	193,898	(97,807)	-	-
- under provision in prior years				
- Malaysia	16,515	72,419	-	-
	(115,514)	12,301	-	-
	2,215,413	1,094,466	-	-

- Malaysian income tax is calculated at the statutory rate of 24% (2020: 24%) of the estimated taxable profit for the fiscal year.
- Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. INCOME TAX EXPENSE (CONT'D)

- c. Numerical reconciliation 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	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax	5,276,743	(229,854)	62,411	(326,684)
Add: Share of profit/(loss) in equity-accounted associates, net of tax	(252,344)	387,466	-	-
Adjusted profit/(loss) before tax	5,024,399	157,612	62,411	(326,684)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	1,205,856	37,827	14,979	(78,404)
Tax effects of:				
- expenses not deductible for tax purposes	1,227,593	1,355,362	87,052	109,613
- different tax rates in other countries	(48,765)	(14,429)	-	-
- income not subject to tax	(602,766)	(683,348)	(169,272)	(31,209)
Deferred tax assets not recognised during the year	677,289	582,911	67,241	-
Utilisation of previously unrecognised deferred tax assets	(90,339)	(192,983)	-	-
Tax incentives on multiple deductibility of expenses	(177,800)	(125,866)	-	-
Under provision in prior years				
- income tax payable	7,830	62,573	-	-
- deferred tax	16,515	72,419	-	-
	2,215,413	1,094,466	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. INCOME TAX EXPENSE (CONT'D)

- d. Tax on each component of other comprehensive income/(loss) is as follows:

	Group		
	Before tax RM	Tax effect RM	After tax RM
<b>2021</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of retirement benefit obligations	177,130	(42,192)	134,938
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation	(48,574)	-	(48,574)
<b>2020</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of retirement benefit obligations	(49,298)	12,151	(37,147)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation	(280,349)	-	(280,349)
Reclassification adjustment relating to an associate disposed off during the year	(248,505)	-	(248,505)

### 28. EARNINGS/(LOSS) PER ORDINARY SHARE

- a. Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
Profit/(Loss) for the financial year attributable to Owners of the Company (RM)	3,121,865	(329,072)
Weighted average number of ordinary shares in issue	139,348,347	139,103,415
Basic earnings/(loss) per ordinary share (sen)	2.24	(0.24)

- b. Diluted earnings/(loss) per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings/(loss) per ordinary shares equals basic earnings/(loss) per ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

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 may be individuals or other entities.

Related parties of the Group include:

- i. Direct and indirect subsidiaries as disclosed in Note 8(b);
- ii. An associate as disclosed in Note 9; and
- iii. Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprises mainly Executive Directors of the Company whose remuneration is disclosed in Note 23(b).

b. Related party transactions

The Group and the Company had the following transactions with the related parties during the financial year:

	Type of transactions	Group	
		2021 RM	2020 RM
<b>With associates:</b>			
- Innity Digital Media (Thailand) Co., Ltd.	Sales	266,592	105,641
	Purchases	248,549	263,449
	Interest income	10,596	18,868
	Management fee income	240,899	283,440
	Royalty fee income	206,893	146,250
- Fivestones Digital (SEA) Pte. Ltd.	Purchases	-	427,994
	Management fee income	-	191,883
<b>With a subsidiary of an associate</b>			
- I-DAC (Malaysia) Sdn. Bhd.	Accounting fee income	-	7,000
<b>With subsidiaries of corporate shareholders of the Company</b>			
- Autoworld.com.my Sdn. Bhd.	Purchases	-	28
- People 'n Rich - H Sdn. Bhd.	Sales	205,227	484,123
- D.A. Consortium Inc.	Sales	51,449	48,528



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

b. Related party transactions (Cont'd)

The Group and the Company had the following transactions with the related parties during the financial year: (Cont'd)

		Group		
		Type of transactions	2021 RM	2020 RM
<b>With subsidiaries of corporate shareholders of the Company (Cont'd)</b>				
- DAC Asia Pte. Ltd.	Accounting fee income		17,200	5,000
- Beginnings Communications, Inc.	Sales		15,020	-
- PT Daniswara Amanah Cipta	Sales		312,346	549,106
- Hakuhodo Hong Kong Ltd.	Sales		34,655	135,493
- Hakuhodo Malaysia Sdn. Bhd.	Sales		25,500	21,250
- Digital Advertising Consortium Inc	Purchases		22,999	-
- 104 Corporation Ltd.	Staff recruitment expense		3,089	-

		Company		
		Type of transactions	2021 RM	2020 RM
<b>With subsidiaries:</b>				
- Innity Sdn. Bhd.	Accounting fee expense		12,000	8,400
	Rental expense		33,600	-
	Interest expense		9,352	-
	Management fee income		1,299,437	-
- PT Media Innity	Interest income		803	-
	Management fee income		207,918	-
- DoMedia Asia Sdn. Bhd.	Interest income		28	-
	Management fee income		148,026	-
- Innity China Co., Limited	Management fee income		287,322	-
- Innity Philippines Inc.	Interest income		1,423	-
	Management fee income		270,668	-
- Appsploration Sdn. Bhd.	Interest income		24	-
	Management fee income		54,477	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

b. Related party transactions (Cont'd)

The Group and the Company had the following transactions with the related parties during the financial year: (Cont'd)

	Type of transactions	Company	
		2021 RM	2020 RM
<b>With subsidiaries: (Cont'd)</b>			
- Offerstation Sdn. Bhd.	Interest income	74	-
	Management fee income	28,009	-
- Innity Korea Co., Ltd.	Interest income	198	-
	Management fee income	27,046	-
- Innity Myanmar Co., Ltd.	Interest income	141	-
	Management fee income	15,991	-
- Innity (Cambodia) Co., Ltd.	Interest income	37	-
	Management fee income	120,907	-
- Innity Singapore Pte. Ltd.	Management fee income	352,610	-
- Innity Software and Advertising Co., Ltd.	Interest income	1,009	-
	Management fee income	186,273	-
- Innity Taiwan Limited	Interest income	502	-
	Management fee income	154,900	-
<b>With an associate:</b>			
- Innity Digital Media (Thailand) Co., Ltd.	Interest income	880	-
	Management fee income	240,899	-

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 30. CONTINGENT LIABILITIES

	Group	
	2021 RM	2020 RM
Unsecured guarantees given to third parties for supply of services	259,804	258,028

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties to call upon the guarantees are remote.

### 31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

a. Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures risk.

i. Foreign exchange risk management

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

- a. Financial risk management objectives and policies (Cont'd)
- i. Foreign exchange risk management (Cont'd)

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The currencies giving rise to this risk are Chinese Renminbi ("RMB"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Indonesian Rupiah ("IDR"), New Taiwan Dollar ("TWD"), Philippines Peso ("PHP"), Singapore Dollar ("SGD"), Thai Baht ("THB"), United States Dollar ("USD") and Vietnamese Dong ("VND").

The carrying amounts of the Group's exposure to foreign currency risk are as follows:

Group	RMB RM	EUR RM	HKD RM	IDR RM	TWD RM	PHP RM	SGD RM	THB RM	USD RM	VND RM
<b>2021</b>										
Trade receivables	-	-	-	-	-	-	-	-	1,794,774	-
Other receivables and deposits	-	-	-	-	-	-	-	-	55,720	-
Cash and bank balances	20,211	-	153,262	-	-	-	174,295	-	7,271,452	-
Trade payables	-	(3,312)	(5,712)	(7,052)	(9,866)	(14,187)	(206,018)	(141,949)	(747,497)	(724)
Other payables, contract liabilities and accruals	-	-	-	-	-	-	-	(20,617)	(50,380)	-
Net exposure	20,211	(3,312)	147,550	(7,052)	(9,866)	(14,187)	(31,723)	(162,566)	8,324,069	(724)
<b>2020</b>										
Trade receivables	-	-	-	-	-	-	-	-	1,103,615	-
Other receivables and deposits	-	-	-	-	-	-	-	-	89,595	-
Cash and bank balances	48	-	148,898	-	-	-	-	-	5,424,511	-
Trade payables	-	-	(3,234)	(1,295)	(50,671)	(18,986)	(20,569)	(179,174)	(536,194)	(231,333)
Other payables, contract liabilities and accruals	-	-	-	-	-	-	-	(5,269)	(23,933)	-
Net exposure	48	-	145,664	(1,295)	(50,671)	(18,986)	(20,569)	(184,443)	6,057,594	(231,333)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

- a. Financial risk management objectives and policies (Cont'd)
- ii. Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/HKD exchange rate, RM/THB exchange rate, RM/PHP exchange rate, RM/SGD exchange rate, RM/TWD exchange rate, RM/RMB exchange rate, RM/IDR exchange rate, RM/VND exchange rate and RM/EUR exchange rate assuming all other things being equal.

A +/-10% (2020: 10%) change in the RM/USD, RM/HKD, RM/THB, RM/PHP, RM/SGD, RM/TWD, RM/RMB, RM/IDR, RM/VND and RM/EUR exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the RM had strengthened against the USD, HKD, THB, PHP, SGD, TWD, RMB, IDR, VND and EUR, then the impact would be as follows:

	Group	
	Profit before tax	
	2021 RM	2020 RM
USD	(832,407)	(605,759)
HKD	(14,755)	(14,566)
THB	16,257	18,444
PHP	1,419	1,899
SGD	3,172	2,057
TWD	987	5,067
RMB	(2,021)	(5)
IDR	705	130
VND	72	23,133
EUR	331	-
	(826,240)	(569,600)

If the RM had weakened against the USD, HKD, THB, PHP, SGD, TWD, RMB, IDR, VND and EUR, then the impact on profit for the financial year would be the opposite.

Exposure to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

a. Financial risk management objectives and policies (Cont'd)

iii. Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis of interest rates for floating rate instruments is not presented as changes in interest rate would not materially affect profit or loss.

iv. Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables. Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. For other financial assets including cash and bank balances, the Group's minimise credit risk by dealing exclusively with high credit rating counterparties. The Group performs ongoing credit evaluation of its customers and generally does not require collateral on account receivables.

At the reporting date, there were no significant concentrations of credit risk.

v. Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

- a. Financial risk management objectives and policies (Cont'd)
- v. Liquidity risk management (Cont'd)

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Group	Contractual cash flows (including interest payments)				
	Carrying amount	Total	On demand or within 1 year	1 to 5 years	Over 5 years
	RM	RM	RM	RM	
<b>2021</b>					
Non interest bearing debts	32,390,948	32,390,948	32,390,948	-	-
Interest bearing debts	1,665,490	1,780,441	846,158	747,597	186,686
	34,056,438	34,171,389	33,237,106	747,597	186,686
<b>2020</b>					
Non interest bearing debts	28,404,793	28,404,793	28,404,793	-	-
Interest bearing debts	3,400,656	3,499,302	2,628,859	658,362	212,081
	31,805,449	31,904,095	31,033,652	658,362	212,081

The undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay equal to the carrying amounts of the financial liabilities as disclosed in the respective notes.

- b. Capital structure and equity

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Capital represents equity attributable to the Owners of the Company.

The Group monitors capital on the basis of debt-to-equity ratio, where the ratio is arrived at net debts (total borrowings and lease liabilities less cash and bank balances) divided by total equity. During the reporting period ended 31 December 2021, the Group's strategy was unchanged which is to maintain a net cash position.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

#### b. Capital structure and equity (Cont'd)

The net debt-to-equity ratios as at 31 December 2021 and 31 December 2020 are as follows:

	Group	
	2021 RM	2020 RM
Borrowings	340,505	1,649,189
Lease liabilities	1,324,985	1,751,467
Less: Cash and bank balances	(30,028,392)	(21,327,180)
Net Cash	(28,362,902)	(17,926,524)
Total capital	38,539,312	35,245,461
Net debt-to-equity ratio	-	-

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity more than twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement for the financial year ended 31 December 2021.

### 32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 32.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

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 Concession beyond 30 June 2021</i> (Amendment to MFRS 16 Leases )	1 April 2021 (early adopted)

Adoption of the above Standard, Interpretation and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

#### 32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Annual improvement to MFRS Standards 2018 -2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts )</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are still in the process of assessing the impact of the above standard and amendments since the effects would be observable in the future financial years.

## LIST OF PROPERTIES

Location	Tenure/ date of expiry of lease/ tenancy	Approximate Age of Building (years)	Built-up Area (sq ft)	Description/ Existing Use	Date of Acquisition	Carrying Amount as at 31 December 2021 (RM)
<b>Selangor</b> C501, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan  Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	23	1,301	Office Lot/ Office	27.07.2005	193,756
C502, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan  Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	23	1,371	Office Lot/ Office	27.07.2005	204,448
C517, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan  Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	23	1,192	Office Lot/ Office	14.04.2009	183,797
C605, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan  Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	23	1,262	Office Lot/ Office	18.05.2020	413,350

# ANALYSIS OF SHAREHOLDINGS

AS AT 21 MARCH 2022

## SHARE CAPITAL

**Total Issued Share** : 139,403,415 Ordinary shares

**Voting Rights** : One (1) vote per Ordinary Share on a poll

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 - 99	43	3.996	1,901	0.001
100 - 1,000	553	51.394	227,546	0.163
1,001 - 10,000	302	28.066	1,583,440	1.136
10,001 - 100,000	143	13.289	4,418,780	3.170
100,001 - 6,970,169 (*)	31	2.881	46,594,803	33.424
6,970,169 and Above (**)	4	0.371	86,576,945	62.105
<b>Total</b>	<b>1,076</b>	<b>100</b>	<b>139,403,415</b>	<b>100</b>

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

### Note:

Information presented at the above table is based on the Record of Depositors dated on 21 March 2022.

## INFORMATION ON SUBSTANTIAL SHAREHOLDERS

As at 21 March 2022

The shareholders holding more than 5% interest in the ordinary shares of Innity Corporation Berhad ("the Company") based on the Register of Substantial Shareholders of the Company as at 21 March 2022 are as follows:

Name of Substantial Shareholders	No. of Shares Held	% of Issued Shares
D.A. Consortium Inc.	34,735,500	24.917
JcbNext Berhad	29,250,040	20.982
Phang Chee Leong	13,298,372	9.538
Looa Hong Tuan	12,374,685	8.876
<b>Total</b>	<b>89,658,597</b>	<b>64.313</b>

## ANALYSIS OF SHAREHOLDINGS

AS AT 21 MARCH 2022 (CONT'D)

### DIRECTORS' INTERESTS IN SHARES

As at 21 March 2022

Based on the Register of Directors' Shareholdings and the Record of Depositors, the interests of the Directors in the shares of the Company, direct and indirect, as at 21 March 2022 are as follows:

Name	Number of Ordinary Shares in INNITY		% of Issued Shares	
	Direct	Indirect	Direct	Indirect
Cheong Chee Yun	-	-	-	-
Fung Kam Foo	-	-	-	-
Gregory Charles Poarch	-	-	-	-
Liong Wei Li <i>(Alternate Director To Gregory Charles Poarch)</i>	-	-	-	-
Looa Hong Tuan	12,374,685	-	8.876	-
Michihiko Suganuma	-	-	-	-
Phang Chee Leong	13,298,372	-	9.538	-
Rieko Yoshikawa <i>(Alternate Director To Michihiko Suganuma)</i>	-	-	-	-
Seah Kum Loong	6,817,292	-	4.889	-
Shamsul Ariffin Bin Mohd Nor	-	-	-	-
Wong Kok Woh	7,299,086	-	5.235	-

## ANALYSIS OF SHAREHOLDINGS

AS AT 21 MARCH 2022 (CONT'D)

### 30 LARGEST SHAREHOLDERS

As at 21 March 2022

No.	Name	No. of Shares Held	%
1.	D.A.Consortium Inc.	34,735,500	24.917
2.	JcbNext Berhad	29,250,040	20.982
3.	Phang Chee Leong	11,692,496	8.387
4.	Looa Hong Tuan	10,898,909	7.818
5.	Wong Kok Woh	6,618,008	4.747
6.	Chang Chew Tuck	6,278,950	4.504
7.	Seah Kum Loong	5,356,527	3.842
8.	Lee Chel Chan	5,309,057	3.808
9.	Wan Lin Seng	3,774,000	2.707
10.	Tan Yu Yeh	2,633,400	1.889
11.	Lee Koon Shing	2,350,000	1.685
12.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Koon Chuan</i>	2,200,000	1.578
13.	Siew Yoke Lee	2,124,366	1.523
14.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Phang Chee Leong</i>	1,605,876	1.151
15.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Looa Hong Tuan</i>	1,475,776	1.058
16.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Seah Kum Loong</i>	1,460,765	1.047
17.	Ng Eng Tat	1,042,000	0.747
18.	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd For Wong Kok Woh</i>	681,078	0.488
19.	Leam Am Kem	622,900	0.446
20.	Huan Mee Kiew	427,700	0.306
21.	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Leow Kuan Shu</i>	300,000	0.215
22.	Lee Yoke Kee	280,000	0.200
23.	Tan Bee Bee	250,000	0.179
24.	Arshad Bin Abdul Rahman	247,500	0.177
25.	Tan Jiun Leng	205,300	0.147
26.	Yau Yoke Ching	187,300	0.134
27.	Maybank Nominees (Tempatan) Sdn Bhd <i>Tio Seng Keng</i>	165,000	0.118
28.	Khay Sew Moi	163,100	0.116
29.	You Pei Ling	150,000	0.107
30.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd For Syed Zamberi Bin Ahmad</i>	140,000	0.1
	Total	132,625,548	95.123

**Note:**

Information, which without aggregating securities from different securities accounts belong to the same registered holder, presented at the above table is based on the Record of Depositors dated on 21 March 2022.

**INNITY CORPORATION BERHAD  
(200701006554) (764555-D)**

(Incorporated in Malaysia)

**NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be conducted fully virtual through online meeting platform via TIIH Online website at <https://tiih.online> on **Friday, 3 June 2022 at 9.30 a.m.** provided by Tricor Investor & Issuing House Services Sdn. Bhd. to transact the following businesses:-

**AGENDA**

**Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. [Please refer to Note (i) of the Explanatory Notes]
2. To re-elect the following Directors who are retiring in accordance with Clause 76 of the Company's Constitution:-
  - (i) Mr Phang Chee Leong (Ordinary Resolution 1)
  - (ii) En Shamsul Ariffin Bin Mohd Nor (Ordinary Resolution 2)
  - (iii) Mr Cheong Chee Yun (Ordinary Resolution 3)
3. To approve the payment of Directors' fees of RM180,000 for the financial year ending 31 December 2022. (Ordinary Resolution 4)
4. To approve the payment of Directors' benefits up to an aggregate amount of RM30,000 for the period from 4 June 2022 until Sixteenth Annual General Meeting of the Company. (Ordinary Resolution 5)
5. To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

**Special Business**

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

**6. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

- "THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to En. Shamsul Ariffin Bin Mohd Nor, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company in accordance with the Malaysian Code on Corporate Governance." (Ordinary Resolution 7)

## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

### 7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTs")

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5.1 of the Circular to Shareholders dated 27 April 2022 ("the Related Parties") provided that such transactions and/or arrangements are:-

(Ordinary Resolution 8)

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm's length basis on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (c) not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred by such mandate, shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in 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 they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate for RRPTs."

### 8. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") 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 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

(Ordinary Resolution 9)

## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

### 8. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (CONT'D)

THAT such approval on the Proposed 20% General Mandate shall continue (Ordinary Resolution 9) to be in force until 31 December 2022.

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 6.04(1) of the Listing Requirements 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 12 months does not exceed 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 on the Proposed 10% General Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

Whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer 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 ACE 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 they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER 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 execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

- 9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

**FONG SEAH LIH (MAICSA 7062297) / (SSM PC No. 202008000973)**  
**THAM YIN TONG (MAICSA 7049718) / (SSM PC No. 202008001314)**  
**WONG WAI FOONG (MAICSA 7001358) / (SSM PC No. 202008001472)**  
Company Secretaries

Kuala Lumpur  
27 April 2022



## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

### NOTES:-

- (1) For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (4) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (6) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (7) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
The proxy form must be deposited at the share registrar of the Company situated 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://tjih.online>  
Please refer to the Administrative Guide for further information on electronic lodgement of proxy form.
- (8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the share registrar of the Company situated 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 not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General 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.
- (9) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- (10) Last date and time for lodging the proxy form is Wednesday, 1 June 2022 at 9.30 a.m.
- (11) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - a. Identity card (NRIC) (Malaysian), or
  - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - c. Passport (Foreigner).
- (12) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar earlier.
- (13) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of general meeting will be put to vote by way of poll.

### Explanatory Notes to the Agenda

- (i) Item 1 of the Agenda  
Audited Financial Statements for the financial year ended 31 December 2021  
The Audited Financial Statements is meant for discussion only as the approval from shareholders is not required pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item will not be put forward for voting by shareholders of the Company.
- (ii) Ordinary Resolutions 1, 2 and 3  
Re-election of Directors  
Mr Phang Chee Leong, En. Shamsul Ariffin Bin Mohd Nor and Mr Cheong Chee Yun are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Fifteenth Annual General Meeting. The Board of Directors has through the Nominating Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Rule 2.20A of the ACE Market Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors.
- (iii) Ordinary Resolution 4  
Directors' fees for the financial year ending 31 December 2022  
The Directors' fees proposed for the financial year ending 31 December 2022 are calculated based on the number of scheduled Board and Board Committee meetings and assuming that all Non-Executive Directors will hold office until the next AGM. This resolution is to facilitate payment of Directors' fees on current financial year basis.  
  
The RM30,000 increase in Directors' fees is to cater the requirement for at least one woman director on the Board, as stated in paragraph 6(d) of the letter with regard to the amendments to the ACE Market Listing Requirements in relation to director appointment, independence and miscellaneous changes issued by Bursa Malaysia Securities Berhad on 19 January 2022.  
  
In the event the Directors' fees proposed are insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

- (iv) *Ordinary Resolution 5*  
*Directors' benefits for the period from 4 June 2022 until Sixteenth Annual General Meeting*
- Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries, shall be approved at a general meeting.
- Directors' benefits include allowances payable to Directors and in determining the estimated amount, the Board has considered various factors including the current board size, number of scheduled meetings for the Board and Board Committee for the period from 4 June 2022 until Sixteenth Annual General Meeting. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.
- (v) *Ordinary Resolution 6*  
*Re-appointment of Auditors*
- The Board has through the Audit and Risk Management Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the Fifteenth Annual General Meeting are disclosed in the Audit and Risk Management Committee Report of the 2021 Annual Report.
- (vi) *Ordinary Resolution 7*  
*Proposed continuation in office of En. Shamsul Ariffin Bin Mohd Nor ("En. Shamsul") as Independent Non-Executive Director*
- The Board had via the Nominating Committee conducted an annual performance evaluation and assessment of En. Shamsul and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:-
- He was appointed on 30 April 2008 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit and Risk Management Committee, Nominating Committee, Remuneration Committee and the Board;
  - His vast experiences in various capacity in the public service would enable him to contribute effectively to the Board;
  - He fulfills the criteria under the definition of independent director as set out in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board; and
  - He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders.
- His profile is on page 10 of the Annual Report 2021.
- (vii) *Ordinary Resolution 8*  
*Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*
- Ordinary Resolution 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Further details relating to this proposal are set out in the Circular to Shareholders dated 27 April 2022.
- (viii) *Ordinary Resolution 9*  
*Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016*
- The proposed Ordinary Resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to 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, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.04(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.
- The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.
- This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.
- The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as follows:-
- Amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak, this 20% General Mandate provide the Company flexibility to raise funds quickly and efficiently during this challenging time to meet its funding requirements for working capital, operational expenditure or a new business opportunity.
  - The Extended Utilisation Period provide additional relief to the Company cashflow to support the business operations in view of the tougher economic environment arose from the COVID-19 outbreak.
- The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.
- As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Fourteenth AGM held on 4 June 2021 and will lapse at the conclusion of the Fifteenth AGM to be held on 3 June 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

**INNITY CORPORATION BERHAD**  
**[Registration No. 200701006554 (764555-D)]**  
(Incorporated in Malaysia)

**ADMINISTRATIVE GUIDE FOR THE FIFTEENTH ANNUAL GENERAL MEETING (“15TH AGM”)**

**Date** : Friday, 3 June 2022  
**Time** : 9.30 a.m.  
**Online Meeting Platform** : TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd.

**MODE OF MEETING**

In view of the COVID-19 outbreak and as part of the safety measures, the 15th AGM of INNITY CORPORATION BERHAD will be conducted fully virtual through online meeting platform via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and subsequently revised on 16 July 2021 (including any amendment that may be made from time to time).

**REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)**

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 15th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the 15th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Wednesday, 1 June 2022 at 9.30 a.m.**

Representatives of corporate members (corporate representatives) must deposit their original certificate of appointment of corporate representative to Tricor not later than **Wednesday, 1 June 2022 at 9.30 a.m.** to participate via RPV in the 15th AGM.

Attorneys appointed by power of attorney must deposit their powers of attorney with Tricor not later than **Wednesday, 1 June 2022 at 9.30 a.m.** to participate via RPV in the 15th AGM.

**Shareholders who has appointed a proxy or attorney or authorised representative to participate at these 15th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

As the 15th AGM of INNITY CORPORATION BERHAD is fully virtual, Shareholders who are unable to participate in the 15th AGM may appoint the Chairman of the meetings as his/her proxy and indicate the voting instructions in the proxy form.

**PROCEDURES FOR RPV**

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the 15th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	<b>Procedure</b>	<b>Action</b>
<b>BEFORE THE DAY OF 15th AGM</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance.</li><li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li><li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li></ul>

**ADMINISTRATIVE GUIDE FOR THE FIFTEENTH ANNUAL GENERAL MEETING (“15TH AGM”)  
(CONT’D)**

(b)	Submit your request	<ul style="list-style-type: none"> <li>• <b>Registration is open from 10.00 a.m. Wednesday, 27 April 2022 until the day of the 15th AGM, Friday, 3 June 2022.</b> Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 15th AGM to ascertain their eligibility to participate in the 15th AGM using the RPV.</li> <li>• Login with your user ID (i.e. e-mail address) and password and select the corporate event: <b>“(REGISTRATION) INNITY 15TH AGM 2022”</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select “Register for Remote Participation and Voting”.</li> <li>• Review your registration and proceed to register.</li> <li>• System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>• After verification of your registration against the General Meeting Record of Depositors as at <b>30 May 2022</b>, the system will send you an <b>e-mail after 1 June 2022 to approve or reject your registration for remote participation.</b></li> </ul> <p><i>(Note: Please allow sufficient time for the approval of new user of TIH Online as well as the registration for RPV in order that you can login to TIH Online and participate in the 15th AGM remotely).</i></p>
<b>ON THE DAY OF THE AGM (3 JUNE 2022)</b>		
(c)	Login to TIH Online	<ul style="list-style-type: none"> <li>• Login with your user ID and password for remote participation at the 15th AGM at any time from <b>8.30 a.m.</b> i.e. 1 hour before the commencement of the 15th AGM on <b>Friday, 3 June 2022 at 9.30 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>• Select the corporate event: <b>“(LIVE STREAM MEETING) INNITY 15TH AGM 2022”</b> to engage in the proceedings of the 15th AGM remotely.</li> <li>• If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 15th AGM.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>• Voting session commences <b>from 9.30 a.m. on Friday, 3 June 2022</b> until a time when the Chairman announces the end of the voting session of the 15th AGM.</li> <li>• Select the corporate event: <b>“(REMOTE VOTING) INNITY 15TH AGM 2022”</b> or if you are on the live stream meeting page, you can select <b>“GO TO REMOTE VOTING PAGE”</b> button below the Query Box.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select the CDS account that represents your shareholdings.</li> <li>• Indicate your votes for the resolutions that are tabled for voting.</li> <li>• Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the 15th AGM, the Live Streaming will end.</li> </ul>

**Note to users of the RPV:**

1. Should your application to join the 15th AGM be approved, we will make available to you the rights to join the live streamed meetings and to vote remotely. Your login to **TIH Online** on the day of meetings will indicate your presence at the virtual meetings.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tih.online@my.tricorglobal.com](mailto:tih.online@my.tricorglobal.com). for assistance.

## ADMINISTRATIVE GUIDE FOR THE FIFTEENTH ANNUAL GENERAL MEETING (“15TH AGM”) (CONT’D)

### GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

- Only a depositor whose name appears on the ROD as at **30 May 2022** shall be entitled to attend, speak and vote at the 15th AGM or appoint proxies to attend and/or vote on his/her behalf.

### PROXY

- The 15th AGM will be conducted via virtual meeting, if you are unable to attend the meetings via RPV on 3 June 2022, you may appoint the Chairman of the meetings as proxy and indicate the voting instructions in the Proxy Form.
- You may submit your Proxy Form to the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) by fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com). However, please ensure that the **Original Proxy Form** is deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 15th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.
- You may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than **Wednesday, 1 June 2022 at 9.30 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.

### POLL VOTING

- The Voting at the 15th AGM will be conducted by poll in accordance with Rule 8.31A of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 15th AGM at 9.30 a.m but before the end of the voting session, which will be announced by the Chairman of the Meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.
- Upon completion of the voting session for the 15th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

### ELECTRONIC LODGEMENT OF PROXY FORM

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

	Procedure	Action
<b>i. Steps for Individual Shareholders</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: “<b>INNITY 15TH AGM 2022- Submission of Proxy Form</b>”.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print proxy form for your record.</li> </ul>



## ADMINISTRATIVE GUIDE FOR THE FIFTEENTH ANNUAL GENERAL MEETING (“15TH AGM”) (CONT’D)

ii. Steps for corporation or institutional shareholders	
(c) Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access <b>TIIH Online</b> at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> <li>• Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</li> </ul>
(d) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Access <b>TIIH Online</b> at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate exercise name: “<b>INNITY 15TH AGM 2022: Submission of Proxy Form</b>”</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Submit the proxy appointment file.</li> <li>• Login to TIIH Online, select corporate exercise name: “<b>INNITY 15TH AGM 2022: Submission of Proxy Form</b>”.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

### PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARDS OF DIRECTORS

Shareholders may submit questions for the Boards in advance of the 15th AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Wednesday, 1 June 2022 at 9.30 a.m.**. The Boards will endeavor to answer the questions received at the 15th AGM.

### RECORDING OR PHOTOGRAPHY

Strictly **No unauthorized recording or photography** of the proceedings of the 15th AGM are allowed.

### NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the 15th AGM of the Company since the meeting is being conducted on a virtual basis.

The Company would like to thank all its shareholders for their kind co-operation and understanding on this matter.

### ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299  
 Fax Number : +603-2783 9222  
 Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
 Contact persons : Pn. Azizah Kadir : +603-2783 9260 /Email: [Azizah@my.tricorglobal.com](mailto:Azizah@my.tricorglobal.com)  
                       : Ms. Christine Cheng : +603-2783 9265 /Email: [Christine.Cheng@my.tricorglobal.com](mailto:Christine.Cheng@my.tricorglobal.com)  
                       : Mr. Ang Wai Meng : +603-2783 9281 /Email: [Wai.Meng.Ang@my.tricorglobal.com](mailto:Wai.Meng.Ang@my.tricorglobal.com)

**INNITY CORPORATION BERHAD**  
**(200701006554) (764555-D)**  
(Incorporated in Malaysia)

**PROXY FORM**

CDS Account No.

No. of shares held

Telephone no. (During office hours) \_\_\_\_\_

I/We \_\_\_\_\_ NRIC (New)/ Company No. \_\_\_\_\_  
(PLEASE USE BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

being member(s) of **INNITY CORPORATION BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be conducted fully virtual through online meeting platform via TIH Online website at <https://tiih.online> on **Friday, 3 June 2022 at 9.30 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	Resolution	For	Against
Re-election of Mr Phang Chee Leong as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 1		
Re-election of En Shamsul Ariffin Bin Mohd Nor as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 2		
Re-election of Mr Cheong Chee Yun as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 3		
Approval of Directors' fees of RM180,000 for the financial year ending 31 December 2022	Ordinary Resolution 4		
Approval of Directors' benefits up to an aggregate amount of RM30,000 for the period from 4 June 2022 until Sixteenth Annual General Meeting of the Company	Ordinary Resolution 5		
Re-appointment of BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 6		
<b>Special Business</b>			
Proposed Continuation In Office of En. Shamsul Ariffin Bin Mohd Nor as Independent Non-Executive Director	Ordinary Resolution 7		
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 8		
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 9		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature of Member(s) or/ Common Seal

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Fold this flap for sealing

Notes:

- (1) For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (4) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (6) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (7) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
This proxy form must be deposited at the share registrar of the Company situated 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://tjih.online>  
Please refer to the Administrative Guide for further information on electronic lodgement of proxy form.
- (8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the share registrar of the Company situated 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 not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General 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.
- (9) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (10) Last date and time for lodging this proxy form is Wednesday, 1 June 2022 at 9.30 a.m.
- (11) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - a. Identity card (NRIC) (Malaysian), or
  - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - c. Passport (Foreigner).
- (12) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's share registrar earlier.
- (13) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of general meeting will be put to vote by way of poll.

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AFFIX  
STAMP

**Share Registrar of Innity Corporation Berhad  
Tricor Investor & Issuing House Services Sdn Bhd**

Company No: 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

1st fold here



**Innity Corporation Berhad** (200701006554)

C501 & C502, Block C,  
Kelana Square,  
17, Jalan SS7/26, Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan, MALAYSIA

**W** [www.innity.com](http://www.innity.com)

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