AIM

Advance Information Marketing Berhad

(644769-D)

2018

Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Lim Siang Chai
(Non-Independent Non-Executive Chairman)

Mak Siew Wei
(Executive Director)

Roger Chin Chew Choy
(Executive Director)

Lee Kean Teong
(Independent Non-Executive Director)

Azizullaili Bin Haji Jalaluddin
(Independent Non-Executive Director)

Ang Huat Keat
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Lee Kean Teong *(Chairman)*
Ang Huat Keat
Azizullaili Bin Haji Jalaluddin

NOMINATION COMMITTEE

Azizullaili Bin Haji Jalaluddin *(Chairman)*
Ang Huat Keat
Lee Kean Teong

REMUNERATION COMMITTEE

Ang Huat Keat *(Chairman)*
Azizullaili Bin Haji Jalaluddin
Lee Kean Teong

RISK MANAGEMENT COMMITTEE

Dato' Ir. Lim Siang Chai *(Chairman)*
Mak Siew Wei
Azizullaili Bin Haji Jalaluddin

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS0009760)

WEBSITE

www.aim-net.com.my

REGISTERED OFFICE

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 03 – 2298 0263
Fax No. : 03 – 2298 0268

HEAD OFFICE

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51100 Kuala Lumpur
Tel No. : 03 – 4043 2699
Fax No. : 03 – 4043 2690

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03 - 2783 9299
Fax No. : 03 - 2783 9222

AUDITORS

Messrs. UHY (AF1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : 03 - 2279 3088
Fax. No. : 03 - 2279 3099

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : AIM
Stock Code : 0122

INVESTOR RELATIONS
Email : contact@aim-net.com.my
Tel no. : 03-4043 2699

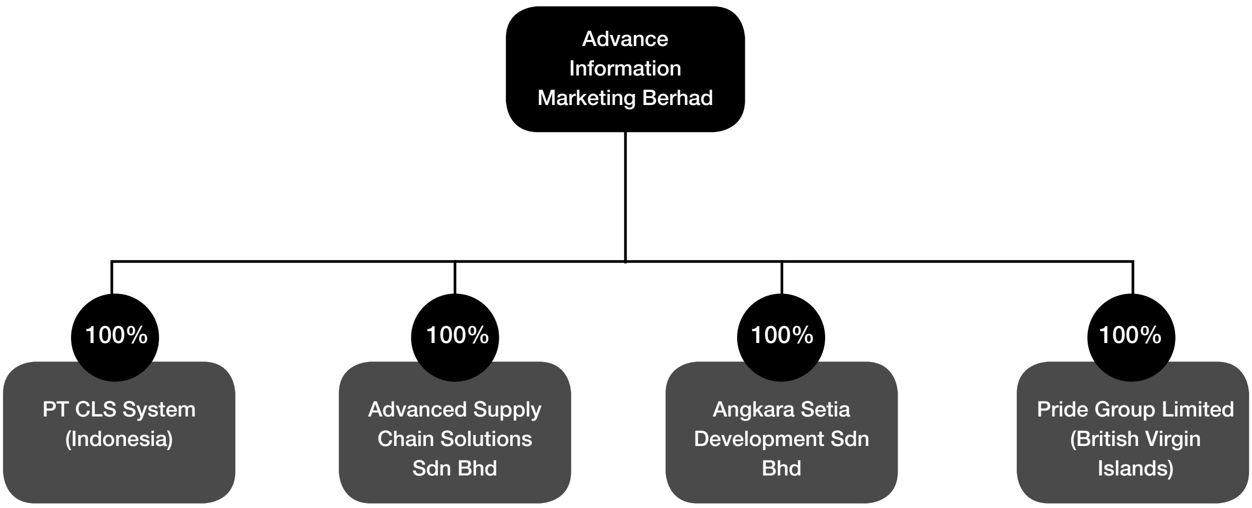
COMPANY'S PROFILE

Advance Information Marketing Berhad ("AIM") Group is a regional BPO (Business Process Outsourcing) solution provider offering a broad spectrum of loyalty management services ranging from consultation, technology infrastructure and technical support to procurement and logistics for companies aiming to build and nurture a lifelong relationship with their customers.

As a total BPO solution provider, our all-round expertise is applied in diverse industries. In today's competitive business climate, our expertise and experience has transformed into important business knowledge and powerful marketing tools to our clients. Our holistic approach enables us to provide strategic direction and consultancy to our clients on how best to tailor, implement and manage their loyalty programs effectively and to meet their desired objectives. Through outsourcing, our clients can rely on our expertise and stay focused on their core businesses.

On the technology front, we are a software research and development specialist, focusing primarily on the development of enterprise solutions for customers' loyalty marketing and management. Through years of research and development efforts, we have designed and developed a sophisticated enterprise marketing management solution, AIMS (Advance Information Marketing System). AIMS integrated into our four service components namely Integrated Marketing Services, Contact Centre Management, Procurement & Fulfillment and Technology Infrastructure to equip our clients with the right marketing tools. This integrated platform provides complete information and better understanding of the customers' behaviour and their response to marketing initiatives implemented. As a result, at one single touch point with AIMS, our clients are able to understand their customers better, hence becoming more customer-centric and will be able to implement compelling marketing strategies throughout the customer life cycle.

ORGANIZATION CHART



FIVE YEARS FINANCIAL HIGHLIGHTS

Year Ended 31 December (RM'000)	2018	2017	2016	2015	2014
Revenue	9,551	12,457	12,288	21,063	13,166
(Loss)/Profit Before Tax	(2,320)	(2,123)	(1,019)	803	326
(Loss)/Profit Attributable to Shareholders	(2,330)	(2,116)	(1,088)	677	204
Paid up Capital	28,052	26,606	26,606	26,606	26,606
Shareholders' Equity	23,872	26,485	28,775	29,474	28,551
Total Assets Employed	25,108	27,151	29,350	30,114	29,138
(Loss)/Earnings Per Share (Sen)	(0.96)	(0.87)	(0.45)	0.28	0.08
Net Assets Per Share (RM)	0.099	0.110	0.119	0.122	0.118

DIRECTORS' PROFILE

Dato' Ir. Lim Siang Chai
64 years of age, Malaysian, Male
Non-Independent Non-Executive Chairman
Chairman of Risk Management Committee

Dato' Ir. Lim Siang Chai, was appointed to the Board of Directors of Advance Information Marketing Berhad ("AIM" or the "Company") on 29 May 2015 as Independent Non-Executive Chairman. Dato' Ir Lim was subsequently re-designated as Executive Chairman and Managing Director on 31 July 2015. On 4 October 2017, he was re-designated as Non Executive Chairman.

Dato' Ir. Lim is a Chartered Engineer (C. Eng) registered with the Engineering Council, United Kingdom and Professional Engineer (P. Eng) registered with the Board of Engineers, Malaysia. He is a member of the Institution of Engineers Malaysia (MIEM) and Institute of Engineering and Technology of United Kingdom (MIET). Dato' Ir. Lim also holds a Master in Business Administration from Deakin University, Australia. He is an Honorary Fellow of the ASEAN Federation of Engineering Organization and a member of the Malaysia Institute of Management (MIM). He had also undergone many technical and management training in Japan.

Dato' Ir. Lim had also served the Malaysia Government in various capacities as follows:

2010-2013	Deputy Minister of Finance
2006-2008	Deputy Minister of Tourism
2003-2006	Deputy Minister of Information
1999-2003	Parliamentary Secretary, Ministry of Transport
1995-2008	Member of Parliament (Petaling Jaya South)

Dato' Ir. Lim is actively involved in various NGOs and has held various key positions such as Adviser to the Federation of Malaysia Chinese Clans and Guilds Youth Association, Lim Clan Association of Malaysia, Gerakan Belia Bersatu Malaysia, Business and Commerce Association of Petaling District, Association of Hawkers and Small Traders of Petaling Jaya.

Dato' Ir. Lim is also the Executive Chairman of Jiankun International Berhad and Nexgram Holdings Berhad.

Mak Siew Wei
44 years of age, Malaysian, Male
Executive Director
Member of Risk Management Committee

Mak Siew Wei, was appointed as Independent Non-Executive Director on 27 July 2010 and he was re-designated as Executive Director on 22 September 2010.

Mr Mak pursued his education in the United States and graduated with a Bachelor Degree in Management Information System and subsequently worked for Marvic International (NY) Ltd in New York as Business Development manager for three years. He is a businessman with interest in financial services.

Mr Mak also sits on the boards of Nakamichi Corporation Berhad (delisted on 27 March 2018) and AT Systematization Berhad.

Roger Chin Chew Choy
53 years of age, Malaysian, Male
Executive Director

Roger Chin Chew Choy, was appointed as Executive Director on 30 January 2018.

Mr Roger Chin holds a Bachelor of Law from University of Wolverhampton, United Kingdom and has over 25 years of experience in financial services sector with International Banks specializing in consumer, corporate and Islamic banking. Mr Roger Chin began his career with Standard Chartered Bank in 1993 and was seconded to its regional team in Singapore serving in various Asian countries (Singapore, Indonesia, Philippines, India, Pakistan and Bangladesh). He has held senior management position in Citibank, GE Capital, Hong Leong Bank and Chief Consumer Banking/Chief Operating Officer in Kuwait Finance House. He is also a voting member in the bank credit committee.

Mr Roger Chin does not hold directorship in any other public companies.

DIRECTORS' PROFILE (CONT'D)

Ang Huat Keat
60 years of age, Malaysian, Male
Non-Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee

Ang Huat Keat, was appointed as Non-Independent Non-Executive Director on 21 May 2015.

Mr Ang was admitted to the Malaysian Bar on 20 August 1998. He is an advocate and solicitor of the High Court of Malaya. Mr Ang does not hold directorship in any other public companies.

Azizullaili Bin Haji Jalaluddin
45 years of age, Malaysian, Male
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee, Remuneration Committee and Risk Management Committee

Azizullaili Bin Haji Jalaluddin, was appointed as Independent Non-Executive Director on 21 May 2015.

En. Azizullaili graduated with a Bachelor of Science degree from the UK. While in UK, he worked with The Gatwick Holiday Inn and The Dorchester Hotel, London. After his stint in the hotel industry, he decided to further his studies in Business Management in London.

On returning home to Malaysia, En. Azizullaili gained 20 years of management experience within the Banking, IT, Events, Oil & Gas, Printing and Insurance industries.

En. Azizullaili is also active in charitable organisations. He is on the Board of Trustee for The Tun Suffian Foundation and an ex-officio for the Kuala Lumpur Foundation to Criminalise War, and member of the Persatuan Darul Ridzuan di Selangor dan Wilayah Persekutuan.

En. Azizullaili does not hold directorship in any other public companies.

Lee Kean Teong
61 years of age, Malaysian, Male
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee and Remuneration Committee

Lee Kean Teong, Malaysian, was appointed as Independent Non-Executive Director on 2 February 2016.

Mr Lee has been with KPMG Malaysia for more than 35 years and was a partner with KPMG until his retirement on 31 December 2014. He is a qualified Chartered Accountant of Malaysian Institute of Accountants (MIA) and is a member of Malaysian Institute of Certified Public Accountants (MICPA) and a fellow member of CPA Australia.

Mr Lee has extensive experience in auditing and management consulting throughout his career. He was the engagement partners for a wide range of companies, which include public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and financial institutions.

Mr Lee also sits on the boards of Oriental Holdings Berhad, Kian Joo Can Factory Berhad and EG Industries Berhad.

Note: *None of the Directors has any family relationship with any director and/or substantial shareholders of the Company.*
None of the Directors has any conflict of interest with the Company.
None of the Directors has been convicted of any offences within the past five (5) years other than traffic offences

PROFILE OF KEY SENIOR MANAGEMENT

Verina
39 years of age, Indonesian, Female
General Manager

Verina was appointed as General Manager of PT CLS System on 24 April 2012.

Ms. Verina holds Bachelor Degree in Marketing Management from University Tarumanagara Jakarta. She has work experience for 17 years and has been working in PT CLS System for 11 years. She began her career in 2002 as Marketing Product Development for Retail Consumer Products then develop her career in Company Premium Reseller Brand Apple as a Strategic Marketing Communication for Indonesia Market. She has brought PT CLS System to get an award from Indonesia Award Magazine as an ASEAN Most Trusted Company for Loyalty Solution in year 2016.

Anthonius
43 years old, Indonesian, Male.
IT Manager

Anthonius was appointed as IT Manager of Advance Information Marketing Berhad since 2011.

He holds Bachelor Degree in Electronic Engineering at Atma Jaya University Jakarta. He has work experience for 18 years in IT field and has been working at Advance Information Marketing Berhad (AIM) for 16 years. He began his career as programmer in one of credit card terminal provider at Jakarta and then recruited by one of AIM subsidiary to work as system.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS AND OPERATIONS REVIEW

For the year under review, the Group continued its existing core businesses of providing customer loyalty programmes. The business of distribution of health and beauty care products under the brand name of HABA has discontinued effective from 1 April 2018 due to the expiry of Distribution Agreement with HABA, Japan.

The Information Technology industry remains extremely competitive with countless players in the industry and with ever-changing technology. The Group's customer loyalty business has remained challenging. The Group is embarking into the digital mobile application space and has launched our loyalty mobile apps in Indonesia during the year under review. Despite the demand of customers ordering, the Group faced some discontinuation in renewal of contract services throughout the year. Further, the currency risk remains a challenge for the Group. As for the volume, the Indonesian operations continued to be the major contributor of revenue to the Group.

The transformation from brick and mortar into the digital space platform will move our operations back into competitiveness and also reaffirm our commitment in this sector. We hope this will create and renew income generation stream to our business.

FINANCIAL REVIEW

For the year ended 31 December 2018, the Group recorded total revenue of RM9.55 million. The revenue for the year under review decreased by 23% as compared to last year's revenue of RM12.46 million.

This was mainly due to the decrease in revenue in the business of managed customer loyalty services ("MCLS") and distribution of health and beauty care products which recorded revenue of RM9.20 million and RM0.31 million respectively for the year under review, which has decreased by 13.6% and 76.5% as compared to last year's recorded revenue of RM10.65 million and RM1.32 million respectively.

The MCLS segment revenue has declined in both Indonesia and Malaysia due to the continuous challenging environment and also the currency translation losses resulted from translation of financial results of Indonesia's subsidiary company. Furthermore, the business in distribution of health and beauty care products was one of the revenue contributors to our Malaysia's business and it has declined drastically since the 2nd quarter of 2018 due to the expiry of Distribution Agreement as mentioned in the paragraph above.

The Group has recorded a loss before taxation of RM2.320 million as compared to the previous year's loss of RM2.123 million.

MOVING FORWARD

The Group targets to acquire and build our Malaysia's mobile loyalty application in near future. With our intended move to our new office which is our own property, the Group will be able to expand our core businesses in Business Process Outsourcing/Fulfillment and expand our call centre capabilities.

The Group is also actively looking into diversification into other lucrative and viable industries.

CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors acknowledges the importance of corporate social responsibility ("CSR") and strive to fulfill the expectation of its stakeholders by enhancing its social environmental and economic performance while ensuring the sustainability and operational success of the Group.

Sustainability is an integral part of our business and the Group's corporate responsibility practices focus on four areas-Environment, Workplace, Market Place and Community which aim to deliver sustainable value to society at large.

I) Environment

The Group recognizes the impact of its day-to-day business on the environment. As such, the Group is committed by implementing environmental friendly work processes while raising the environmentally awareness among its staff. The Group has been using "go green method', such as re-cycle of papers and paperless environment.

II) Workplace

The Group believes that employees are key resources that drive long term and sustainable organizational successes. As such, the Group continuously creates a safe, pleasant and conducive working environment for its employees.

The Group respects the different cultures, gender and religions of our stakeholders as we understand that the diversity and differences give us broader range of competences, skills and experiences to enhance our capabilities to achieve business results, which is important for the overall business sustainability, Thus, the Group is committed to provide our staff an environment of equal opportunity to strive while promoting diversity in workforce.

To optimize the employee talents and capacities, various in-house trainings, external training programmes including online training, webinar and seminar are continuously provided to all employees to enhance their knowledges and skills while promoting a motivated working team and fostering a closer relationship with each other.

III) Market place

The Group is committed to ensure that the interests of all its important stakeholders, shareholders, analysts, bankers, customers, suppliers, authority bodies and public are well being taken care of. The Group emphasizes on good corporate governance practices, transparency and accountability to meet shareholders' expectations.

IV) Community

The Group recognizes the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society. During the year, the Group has provided some monetary needs to the education sector, the society that needs immediate help during the disaster, which proven in social care to the community.

The Group shall continue to focus its corporate responsibility on enhancing community sustainability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG 2017 to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG 2017 throughout the financial year ended 2018 ("FY 2018") pursuant to Rule 15.25 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The detailed application for each practice as set out in the MCCG 2017 is disclosed in the Corporate Governance Report ("CG Report") which is available at the Company's website at http://www.aim-net.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions including the limits to management's responsibilities, which the management is aware and is responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long term viability of the Group.

1.1.1 Clear Roles and Responsibilities

The roles and responsibilities of the Board clearly defined in the Board Charter, which is available on the Company's website at http://www.aim-net.com.my.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Board will normally hold meetings at least five (5) times in each financial year to consider:

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) relevant corporate exercises;
iv) potential opportunities for the Company, if any; and
v) quarterly financial statements for announcement to authorities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Part I – Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.1.1 Clear Roles and Responsibilities (Cont'd)

The following are matters reserved for Board's deliberation and decision, which are non-exhaustive and may be varied from time to time:

- delegation of powers to various Board Committees;
- receiving and approving reports and recommendations from various Board Committees;
- approving strategic business plans, mergers and acquisitions of a substantial value;
- major investment or divestment of current businesses;
- changes to the Group structure;
- provision of indemnities or corporate guarantees; and
- appointment of a senior independent director amongst the Board members.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company's and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The Board also takes into account of the Risk Management Committee inputs for the strategic planning and risk study. All the Board Committees have their own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in the terms of reference and report to the Board with the necessary recommendation.

1.1.2 Clear Functions of the Board and Management

The respective roles and responsibilities of the Board and the management are clearly set out and understood by both parties to ensure accountability. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, goals and targets to be met by the Group.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

1.1.3 Strategies Promoting Sustainability

The Board is aware of the importance of business sustainability and reviews operational practices that affect sustainability of environment, governance and social aspects of its business on a regular basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

Part I – Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.2 The Chairman

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

1.3 Chairman and Executive Directors

The roles and responsibilities of the Chairman and the Executive Directors are made clearly distinct to further enhance the existing balance of power and authority.

The management, including the Executive Directors of the Company, are responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Chairman briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

1.4 Qualified and competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in the discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings except the Risk Management Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

1.5 Access to information and advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and to seek clarification or further explanation from the management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company to enable them to discharge their duties and responsibilities. The Board is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice, services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to, and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanations on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate in the Risk Management Committee Meeting and Board meetings, if needed, to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees' meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd)

Part I – Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.5 Access to information and advice (Cont'd)

When necessary, the Directors may seek for independent professional advices from the internal and external auditors, at the Company's expense. The Directors able to discharge their duties with adequate knowledge on the matters to be deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

2. Demarcation of Responsibilities

2.1 Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at http://www.aim-net.com.my.

3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

3.1 Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conduct and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at http://www.aim-net.com.my

3.2 Whistle Blowing Policy and Procedures

The Board always encourages employees and stakeholders to report any grievances and raise concerns about misconduct, wrongdoings, and malpractices involving the Company. However, the Board together with management has yet to develop formal policies and procedures on whistle blowing due to lack of resources and suitable personnel to oversee the whistle blowing function. The Board is always mindful of the importance of having formal whistle blowing policies as a way to create the conditions necessary for the effective management of whistle blowing and shall adopt a policy on whistle blowing as soon as practicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PART II – BOARD COMPOSITION

4. Board's objectivity

4.1 Composition of the Board

The Company managed by a well-balanced Board, which consists of members with wide range of business, technical and financial background. This brings diversity and insightful depth to the Company's leadership and management.

The Board currently has six (6) members comprising one (1) Non-Independent Non-Executive Chairman, two (2) are Executive Directors, two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director.

The members of the Board are professionals with calibre and entrepreneurs equipped with industry specific knowledge and experience. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives. The Board is of the opinion that the directors, with their different background and specializations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities.

4.1.1 Re-election of Directors and re-appointment of Directors by rotation

In accordance with the Company's Constitution, all Directors are who appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Constitution also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that each Directors shall retire from office at least once in every three years.

4.2 Tenure of Independent Directors

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years.

4.3 Policy of Independent Director

Currently, the Board does not have a policy on the tenure for Independent Directors. The Board is of the view that a term of more than nine (9) years may not necessary impair independence and judgement of an Independent Director and therefore the Board does not deemed it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG 2017, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account of the individual Director's ability to exercise its independent judgment at all times and contribution to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

Based on the assessment carried out during the FY 2018, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. Each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

4. Board's objectivity (Cont'd)

4.4 Diverse Board and Senior Management Team

4.4.1 Appointment to the Board and Senior Management

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.

Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of management within the Group.

The Nomination Committee makes independent recommendations for appointment of members to the Board and Senior Management. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the character, experience, integrity, competency, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

4.4.2 Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help to assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In general, the process for the appointment of director to the Board is as follows:

(i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;

(ii) The Nomination Committee determines skills matrix;

(iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;

(iv) The Nomination Committee recommends to the Board for appointment; and

(v) The Board approves the appointment of the candidates.

4.5 Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance although the Board has yet to establish any diversity policy. However, the Board will consider females onto the Board in due course to bring about a more diverse perspective.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

4. Board's objectivity (Cont'd)

4.6 Nomination Committee

The Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The present members of the Nomination Committee are as follows:

Chairman - Azizullaili Bin Haji Jalaluddin *(Independent Non-Executive Director)*
Member - Ang Huat Keat *(Non-Independent Non-Executive Director)*
Member - Lee Kean Teong *(Independent Non-Executive Director)*

The Nomination Committee shall meet at least once a year unless otherwise determined by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;

iii) give full consideration to succession planning for Directors and other senior executives in the course of their work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

iv) prepare a description of the role and capabilities required for a particular appointment;

v) identifying and nomination for the approval of the Board, candidates to fill board vacancies as and when they arise;

vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;

vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and

viii) to recommend to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Constitution.

The summary of activities undertaken by the Nomination Committe during the FY 2018 included the following:

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board; and

ii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Overall Board Effectiveness

5.1 Annual evaluation

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self assessment on an annual basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year 2018, the Board and the Nomination Committee is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

5.1.1 Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board members at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Rule 15.06 of the Listing Requirements.

Each Board member is required to achieve at least 50% attendance of total Board Meetings in any applicable financial year. Any director shall notify the Chairman and/or Company Secretaries, where applicable with appropriate leave of absence.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. The attendance record of the Directors as set out in the section below.

During the financial year under review, six (6) Board Meetings were held and the attendance record of the current Board members is reflected as follows:

No.	Name	Total Number of Meetings attended
1.	Dato' Ir. Lim Siang Chai	5/6
2.	Roger Chin Chew Choy	6/6
3.	Mak Siew Wei	4/6
4.	Ang Huat Keat	6/6
5.	Azizullaili Bin Haji Jalaluddin	5/6
6.	Lee Kean Teong	6/6

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Overall Board Effectiveness (Cont'd)

5.1.1 Time Commitment and Directorship in Other Public Listed Companies (Cont'd)

The Board meets on a quarterly basis, with amongst others; review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The Company Secretaries will, well in advance towards the end of the previous year, ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. The Company Secretaries will circulate the tentative dates for Board and Board Committee meetings for the year. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

5.1.2 Continuing Education Programs/Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars/conferences/training programmes attended by the Board members during the FY 2018 as listed below:

Director	Seminars / Conferences / Training Programmes Attended
Dato' Ir. Lim Siang Chai	Practical Approach & Guidelines for Risk Management & Internal Control
Mak Siew Wei	1) The Highlights of Companies Act 2016 2) Tax Audit & Investigation
Ang Huat Keat	Corporate Governance Management Monitoring
Roger Chin Chew Choy	1) Corporate Governance Management Monitoring 2) Mandatory Accreditation Program
Lee Kean Teong	1) MFRS 15 Revenue & Contracts from Customers & Accounting Standards Updates 2) CSR - Organisation Development For Paradigm Change 3) KPMG Penang Tax Summit 2018 4) Corporate Liability Bill

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Overall Board Effectiveness (Cont'd)

5.1.2 Continuing Education Programs/Directors' Training (Cont'd)

Saved as disclosed above, En. Azizullaili Bin Haji Jalaluddin was not able to select any suitable training programmes to attend during the financial year due to overseas traveling and his busy work schedule. However, he has constantly updated with relevant reading materials and technical updates, which will enhance his knowledge and equip him with necessary skills to effectively discharge his duties as Director of the Company.

In addition to the above, the External Auditors, the Internal Auditors and the Company Secretaries would update the Directors on recent developments in the areas of statutory and regulatory requirements from the briefing during the Committee and/or Board meetings.

PART III – REMUNERATION

6. Level and Composition of Remuneration

6.1 Remuneration Policies and Procedures

The Board believes that AIM should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise and the complexity of its operations. The said remuneration should also be in line with the business strategies and long term objectives of AIM.

6.2 Remuneration Committee

In line with the best practices of the MCCG 2017, the Board has set up a Remuneration Committee which comprises a majority of Independent Non-Executive Directors in order to assist the Board in determining the Directors' remuneration. The present members of the Remuneration Committee are as follows:

Chairman - Ang Huat Keat *(Non-Independent Non-Executive Director)*
Member - Azizullaili Bin Haji Jalaluddin *(Independent Non-Executive Director)*
Member - Lee Kean Teong *(Independent Non-Executive Director)*

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The Remuneration Committee shall meet at least once a year and at such time, the Chairman of the Remuneration Committee may request for a meeting as and when deemed necessary. The quorum of the Remuneration Committee meeting shall be two (2) members, of which at least one (1) shall be an independent director.

The Board believes the remuneration policy fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organizations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PART III – REMUNERATION (CONT'D)

6. Level and Composition of Remuneration (Cont'd)

6.2 Remuneration Committee (Cont'd)

The summary of activities undertaken by the Remuneration Committee during the FY 2018 included the following:

(a) Reviewed and recommended the payment of Directors' fees to Non-Executive Directors; and

(b) Reviewed and recommended the remuneration packages of Executive Directors.

7 Remuneration of Directors

7.1 Details of Directors' Remuneration and Senior Management

The details of Director's remuneration are set out below:

Directors	Fees (RM)	Salaries and * other emoluments (RM)	Total (RM)
Dato' Ir. Lim Siang Chai	50,000	17,757	67,757
Mak Siew Wei	-	135,323	135,323
Roger Chin Chew Choy	-	231,327	231,327
Ang Huat Keat	60,000	196,252	256,252
Azizullaili Bin Haji Jalaluddin	60,000	6,000	66,000
Lee Kean Teong	60,000	7,000	67,000

** Other emoluments include the meeting allowance for the Directors' attendance in Board and Board's Committee Meetings.*

7.2 Remuneration of Top Five Senior Management

The remuneration paid to the top five senior management during the year analyzed into bands of RM50,000 is as follows:

Range of Remuneration	Number of Senior Management
Below RM50,000	-
RM50,000 to RM100,000	3
RM100,001 to RM150,000	1
RM150,001 to RM200,000	1
RM200,001 to RM250,000	-
RM250,001 to RM300,000	-
RM300,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit and Risk Management Committee

8.1 Chairman of Audit Committee

The Audit Committee is chaired by an Independent Director who is distinct from the Chairman of the Board. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part I – Audit and Risk Management Committee (Cont'd)

8.2 Former Key Audit Partner

None of the Board member is the former key audit partner of the External Auditors, Messrs. UHY and the Directors do not foresee any new appointment of former key audit partner to the Board. However, the Board will observe the cooling-off period before appointing the former key audit partner, if any.

8.3 Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assessing or determining the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the followings:

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statements.

Every year, the Audit Committee will meet with the External Auditors without the presence of the Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the FY 2018.

The Audit Committee is satisfied with the competence and independence of the External Auditors, Messrs. UHY for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part II – Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to assess current and emerging risks and to respond to risks affecting the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm, adopted an on-going monitoring and review of the existing risk management process in the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

10. Effective Governance, Risk Management and Internal Control

The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control and Audit Committee Report.

Internal Auditors report functionally to the Audit Committee and have unrestricted access to the Audit Committee. Theirs function is independent of the activities or operations of other operating units. Internal Auditors periodically evaluates the effectiveness of the risk management process, review the operating effectiveness of the internal controls system and compliance control within the Group. The Head of Internal Audit is invited to attend the Audit Committee meetings to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are tabled to the Board for information and serves as a reference especially when there is pertinent points raised by any of the Board members

The information on the Group's internal control is further elaborated in page 28 to 30 on the Statement on Risk Management and Internal Control of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Communication with Stakeholders

11 Continuous Communication between Company and Stakeholders

The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholders interests.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Part I – Communication with Stakeholders (Cont'd)

11 Continuous Communication between Company and Stakeholders (Cont'd)

11.1 Leverage on Information Technology for Effective Dissemination of Information

The Company's website at http://www.aim-net.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

11.2 Corporate Disclosure Policies

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices with regard to strengthening engagement and communication with shareholders and it is not only established just to comply with the Listing requirements of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

11.3 Compliance and Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the FY 2018 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting assists the Board.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out in page 25 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Part II – Conduct of General Meetings

12. Encourage Shareholders Participation at General Meetings

The AGM is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty eight (28) days before the meeting. The Notice of AGM, which sets out the business transacted at the AGM, also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board views that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman and/or Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices on strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
iv) Annual General Meetings.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

i) Overseeing the overall conduct of the Company's business and that of the Group;

ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;

iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;

iv) Adopting suitable accounting policies and apply them consistently;

v) Making judgments and estimates that are reasonable and prudent; and

vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records are kept which enable the preparation of financial statements with reasonable accuracy and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to prevent or detect fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the FY 2018, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also considered that all applicable approved accounting standards have been complied with and further confirmed that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG 2017 and all other applicable laws, where appropriate.

This statement is made in accordance with the resolution of the Board dated 17 April 2019.

AUDIT COMMITTEE REPORT

The Audit Committee ("the Committee") established with the primary objective of assisting the Board in the areas of corporate governance, system of internal control, risk management, and management and financial reporting practices of the Group.

COMPOSITION

Chairman - Lee Kean Teong *(Independent Non-Executive Director)*
Member - Ang Huat Keat *(Non-Independent Non-Executive Director)*
Member - Azizullaili Bin Haji Jalaluddin *(Independent Non-Executive Director)*

ATTENDANCE OF MEETINGS

During the FY 2018, the Audit Committee held five (5) meetings. Details of the attendance of committee members are as follows:

No.	Name	Total Number of Meetings attended
1.	Lee Kean Teong*	5/5
2.	Ang Huat Keat	5/5
3.	Azizullaili Bin Haji Jalaluddin	4/5

**Member of Malaysian Institute of Accountants*

SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The activities of the Audit Committee during the FY 2018 include the followings:

a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for approval and release of the Group's results to Bursa Securities;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the FY 2018;

c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to those recommendations;

e) Evaluated the performance of the external auditors for the FY 2018 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

g) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

h) Reviewed the effectiveness of the Group's system of internal control;

i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

AUDIT COMMITTEE REPORT (CONT'D)

j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

k) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

l) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

m) Report to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTIONS

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. The Audit Committee approves any subsequent changes to the internal audit plan. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the Internal Audit function during the financial year is approximately RM28,000.

During the FY 2018, the internal auditors, in discharging their responsibilities, carried out the following activities:

i) Evaluated the adequacy and effectiveness of management control procedures as well as its compliance to the operating instructions in Fulfillment and Call Centre department of the Group.

ii) Followed up on the progress of implementation of audit recommendations and action plans agreed upon by the Management.

The Audit Committee and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control on pages 28 to 30 in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Advance Information Marketing Berhad is pleased to provide the following Statement on Risk Management and Internal Control of the Group, pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Securities and as guided by the Statement of Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has approved the Group Risk Management Policy which outlines the principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a formal, structured and documented integrated risk management framework for the Group.

The Board understands the principle risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control in achieving its business objectives and operational efficiency.

Currently, the risk management processes in identifying, evaluating and managing significant risks facing the organization are embedded in the operating and business processes. These processes are undertaken by the Executive Directors and the management team members in the course of their work.

The Board uses the following key controls, processes, information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- A Risk Management Committee has been set up to constantly identify, evaluate and monitor significant risks faced by the Group. The said committee is also responsible for the development of risk mitigation strategies and plans;

- Board discussions with the management during the board meetings on business and operational issues as well as the measures taken by the management to mitigate and manage risks associated with the business environment;

- Delegation and separation of responsibilities between the Board and the management. The Executive Directors report to the Board on the performance of the operations while the Board scrutinizes the management performance in order to ensure its effectiveness and objectivity;

- The Executive Directors meet periodically to discuss and review the Group's cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;

- The Audit Committee reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's performances;

- The Audit Committee also discusses with the External Auditors on the key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit, and the follow-up actions by the management; and

- Legal advices are sought to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements.

The system of internal control is also structured in such a manner that it provide reasonable assurance that the likelihood of a significant adverse impact on objectives rising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of prevention, detective and corrective measures.

The internal audit function assists the Audit Committee and the Board to conduct an independent assessment on the internal control systems and the governance practices. The Internal Auditors conduct reviews in accordance with the audit plan and scope approved by the Audit Committee.

The Group has engaged the Internal Auditor to conduct a high level review of the internal control framework of the Group with the view to identify the weakness, if any, and to improve the adequacy and robustness of the internal control functions of the Group.

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

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa's Guidelines, the management is responsible to the Board for identifying risks relevant to the business of the Group, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group from achieving its objectives and performance.

The responsibilities of management in respect of risk management include:

- identify the risks relevant to the business of the Group and the achievement of the Group's objectives and strategies;

- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and

- identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board.

When producing this Statement, the Board has received assurance from the Executive Directors that to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are effective to enable the Group to achieve its business objectives and there were no material losses arising from significant control weaknesses that require additional disclosure in the Annual Report.

The Board has worked together with the management in respect of the following:

- Determining the Group's risk appetite and tolerance, and ensuring that this is communicated appropriately;

- Understanding and ensuring the adequacy of the risk management practices;

- Reviewing the current level of risks in relation to risk appetite as an integral part of monitoring and measuring performance; and

- Ensuring that actions are taken in a timely manner when risks are outside tolerable range.

When assessing the adequacy of the risk management and internal control system, the Board is to ensure the following:

- The processes for establishing the Group's longer and shorter-term objectives and strategies, and whether they give appropriate consideration of risk;

- The processes for determining the Group's risk appetite, and communicating them appropriately;

- The Group's risk policies and procedures;

- The management's processes for identifying, analyzing, evaluating, and treating risks including communication of risk and control information across the business;

- Management's processes for monitoring internal control and risk management provides reasonable assurance that the continuation to operate as intended and are modified as business conditions or risks change; and

- Management's reporting of risk to provide the Board with sufficient visibility of risks across the organization, and also to consider whether necessary actions are being taken promptly to remedy and significant failings or weaknesses.

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

The Board recognises that the system of risk management and internal control should be continuously improved and fine-tuned in line with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate the risks. Therefore, a sound system of internal control reduces, but cannot eliminate, the possibility of poor judgment in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the systems of internal control of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amounts of audit and non-audit fees paid/payable to UHY by the Company and by the Group respectively for the FY 2018 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	RM50,000	RM73,019
Non-Audit Services Rendered		
(a) UHY	RM5,000	RM5,000
(b) Affiliates of UHY	NIL	NIL

2. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There was no recurrent related party transaction of revenue or trading nature during the FY 2018.

3. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

4. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

5. UTILISATION OF PROCEEDS

There was no proceed raised by the Company from any corporate proposal during the FY 2018.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year, attributable to owners of the parent	2,330,330	2,423,676

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

TREASURY SHARES

There were no shares repurchased during the financial year. The shares previously repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016 in Malaysia. None of the treasury shares were resold or cancelled during the financial year.

As at 31 December 2018, the Company held a total number of 24,090,500 treasury shares at a total carrying amount of RM4,057,844. Further details of the treasury shares are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato' Ir Lim Siang Chai*
Mak Siew Wei*
Ang Huat Keat*
Azizullaili Bin Haji Jalaluddin*
Lee Kean Teong
Roger Chin Chew Choy

* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Interests in the Company				
Direct Interests				
Mak Siew Wei	16,000,000	-	-	16,000,000
Indirect Interests				
Ang Huat Keat #	47,378,822	-	-	47,378,822

\# deemed interest by virtue of the shareholdings in CG Assets Pte. Ltd. pursuant to Section 8 of the Companies Act, 2016 in Malaysia.

By virtue of his indirect interests in the shares of the Company, Mr. Ang Huat Keat is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 29 to 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, other than Director who have significant financial interests in Companies which traded with certain Companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 29 to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10 million and RM12,590 respectively. No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

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

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

  (iv) 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.

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

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

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

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report 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.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2019.

DATO' IR LIM SIANG CHAI **MAK SIEW WEI**

KUALA LUMPUR

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,151,509	2,586,180	186,633	295,836
Investment property	5	3,727,831	3,197,333	-	-
Intangible assets	6	9,219	1,912	-	-
Investments in subsidiary companies	7	-	-	1,141,348	681,283
Other investments	8	6,031,044	2,821,272	6,031,044	2,821,272
Deferred tax assets	9	34,650	41,252	-	-
		11,954,253	8,647,949	7,359,025	3,798,391
Current assets					
Inventories	10	328,274	688,116	-	-
Trade receivables	11	1,950,965	2,301,560	-	-
Other receivables	12	204,961	3,369,865	9,400	3,100,100
Amount due from subsidiary companies	13	-	-	2,749,065	3,327,749
Tax recoverable		-	94,353	-	6,637
Deposits, bank and cash balances	14	10,669,949	12,048,945	6,413,248	8,179,267
		13,154,149	18,502,839	9,171,713	14,613,753
Total assets		25,108,402	27,150,788	16,530,738	18,412,144
EQUITY					
Share capital	15	28,051,999	26,605,867	28,051,999	26,605,867
Reserves	16	(122,200)	3,936,586	(7,690,538)	(4,422,041)
Treasury shares	17	(4,057,844)	(4,057,844)	(4,057,844)	(4,057,844)
Total equity		23,871,955	26,484,609	16,303,617	18,125,982
LIABILITIES					
Non-current liabilities					
Loan and borrowing	18	35,511	-	-	-
Employee benefits	19	192,884	165,007	-	-
		228,395	165,007	-	-
Current liabilities					
Loan and borrowing	18	15,996	-	-	-
Trade payables	20	425,841	105,775	-	-
Other payables	21	444,748	395,397	67,927	277,427
Amount due to a subsidiary company	13	-	-	159,194	8,735
Provision for taxation		121,467	-	-	-
		1,008,052	501,172	227,121	286,162
Total liabilities		1,236,447	666,179	227,121	286,162
Total equity and liabilities		25,108,402	27,150,788	16,530,738	18,412,144

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	22	9,551,173	12,456,738	40,000	480,000
Cost of sales		(8,082,297)	(8,630,614)	-	-
Gross profit		1,468,876	3,826,124	40,000	480,000
Other income		1,588,858	917,594	165,399	477,367
Net gain/(loss) on impairment of financial instruments		-	-	2,172,506	(5,850,979)
Administrative expenses		(4,919,588)	(5,412,984)	(4,794,944)	(2,836,020)
Distribution costs		(456,186)	(1,279,220)	-	-
Other expenses		(1,653)	(174,435)	-	-
Loss before tax	23	(2,319,693)	(2,122,921)	(2,417,039)	(7,729,632)
Taxation	24	(10,637)	7,103	(6,637)	-
Loss for the financial year		(2,330,330)	(2,115,818)	(2,423,676)	(7,729,632)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	19	(27,541)	(26,401)	-	-
Income tax relating to gain on remeasurement of defined benefit liability	24	(6,885)	6,600	-	-
		(34,426)	(19,801)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Debt instruments measured at fair value through other comprehensive income	8	601,311	234,295	601,311	234,295
Exchange translation differences for foreign operations		(909,267)	(388,786)	-	-
		(307,956)	(154,491)	601,311	234,295
Other comprehensive (loss)/income for the financial year		(342,382)	(174,292)	601,311	234,295
Total comprehensive loss for the financial year		(2,672,712)	(2,290,110)	(1,822,365)	(7,495,337)
Loss per share (sen)					
Basic loss per share	25	(0.96)	(0.87)		
Diluted loss per share	25	(0.96)	(0.87)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the parent						
		Non-distributable					Distributable	
Group	Note	Share capital RM	Share premium RM	Treasury shares RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total Equity RM
At 1 January 2018		26,605,867	1,446,132	(4,057,844)	423,181	(198,104)	2,265,377	26,484,609
Loss for the financial year		-	-	-	-	-	(2,330,330)	(2,330,330)
Other comprehensive loss for the financial year		-	-	-	601,311	(909,267)	(34,426)	(342,382)
Total comprehensive loss for the financial year		-	-	-	601,311	(909,267)	(2,364,756)	(2,672,712)
Transactions with owners:								
Strike off of subsidiary company	7	-	-	-	-	-	60,058	60,058
Transfer in accordance with Section 618(2) of the Companies Act, 2016	15,16	1,446,132	(1,446,132)	-	-	-	-	-
At 31 December 2018		28,051,999	-	(4,057,844)	1,024,492	(1,107,371)	(39,321)	23,871,955
At 1 January 2017		26,605,867	1,446,132	(4,057,844)	188,886	190,682	4,400,996	28,774,719
Loss for the financial year		-	-	-	-	-	(2,115,818)	(2,115,818)
Other comprehensive loss for the financial year		-	-	-	234,295	(388,786)	(19,801)	(174,292)
Total comprehensive loss for the financial year		-	-	-	234,295	(388,786)	(2,135,619)	(2,290,110)
At 31 December 2017		26,605,867	1,446,132	(4,057,844)	423,181	(198,104)	2,265,377	26,484,609

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Attributable to owners of the parent					
		Non-distributable				Distributable	
Company	**Note**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Fair value adjustment reserve RM**	**(Accumulated losses)/ Retained earnings RM**	**Total Equity RM**
At 1 January 2018		26,605,867	1,446,132	(4,057,844)	423,181	(6,291,354)	18,125,982
Loss for the financial year		-	-	-	-	(2,423,676)	(2,423,676)
Other comprehensive income for the financial year		-	-	-	601,311	-	601,311
Total comprehensive loss for the financial year		-	-	-	601,311	(2,423,676)	(1,822,365)
Transfer in accordance with Section 618(2) of the Companies Act, 2016	15,16	1,446,132	(1,446,132)	-	-	-	-
At 31 December 2018		28,051,999	-	(4,057,844)	1,024,492	(8,715,030)	16,303,617
At 1 January 2017		26,605,867	1,446,132	(4,057,844)	188,886	1,438,278	25,621,319
Loss for the financial year		-	-	-	-	(7,729,632)	(7,729,632)
Other comprehensive income for the financial year		-	-	-	234,295	-	234,295
Total comprehensive loss for the financial year		-	-	-	234,295	(7,729,632)	(7,495,337)
At 31 December 2017		26,605,867	1,446,132	(4,057,844)	423,181	(6,291,354)	18,125,982

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities				
Loss before tax	(2,319,693)	(2,122,921)	(2,417,039)	(7,729,632)
Adjustments for:				
Amortisation of intangible assets	455	686	-	-
Depreciation of:				
- investment property	16,000	2,667	-	-
- property, plant and equipment	293,891	247,811	110,003	110,597
Defined benefit obligations	49,710	43,806	-	-
Fair value gain of financial asset recognised in profit or loss	-	(257,015)	-	(257,015)
Property, plant and equipment written off	287,952	107,244	-	755
Gain on disposal of:				
- property, plant and equipment	(1,376,594)	-	-	-
- quoted shares	-	(9,500)	-	(9,500)
- unit trusts	-	(14,426)	-	(14,426)
Impairment losses on:				
- investments in subsidiary companies	-	-	2,739,933	-
- amount due from subsidiary companies	-	-	1,093,120	5,850,979
Finance income	(342,180)	(553,584)	(165,399)	(196,392)
Inventories written off	59,577	-	-	-
Reversal of impairment losses on amount due from subsidiary companies	-	-	(3,265,626)	-
Unrealised loss on foreign exchange	31	118,450	151,880	712,202
Operating loss before working capital changes	(3,330,851)	(2,436,782)	(1,753,128)	(1,532,432)
Changes in working capital:				
Inventories	289,673	(26,987)	-	-
Receivables	3,447,856	3,008,976	3,090,700	2,001,620
Payables	366,550	47,293	(209,500)	209,251
Subsidiary companies	-	-	-	(2,060,540)
Cash generated from/(used in) operations	773,228	592,500	1,128,072	(1,382,101)
Employee benefits paid	(44,343)	(9,459)	-	-
Interest received	342,180	435,121	165,399	77,929
Tax refund/(paid)	203,841	(22,703)	-	-
Net cash from/(used in) operating activities	1,274,906	995,459	1,293,471	(1,304,172)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from investing activities					
Acquisition of:					
- intangible assets	6(a)	(7,762)	-	-	-
- investment property		(546,498)	(3,200,000)	-	-
- property, plant and equipment	4(b)	(338,349)	(1,755,786)	(800)	-
Investments in quoted shares		(2,608,461)	(922,403)	(2,608,461)	(922,403)
Placement of fixed deposits		(2,849,826)	(3,039,600)	(2,231,826)	-
Proceeds from disposal of:					
- property, plant and equipment		1,625,760	-	-	-
- quoted shares		-	274,500	-	274,500
- unit trusts		-	6,452,280	-	6,452,280
Net cash (used in)/from investing activities		(4,725,136)	(2,191,009)	(4,841,087)	5,804,377
Cash flows from financing activities					
Advances from subsidiary companies		-	-	(450,229)	850,000
Repayment of finance lease liabilities		(6,482)	-	-	-
Net cash (used in)/from financing activities		(6,482)	-	(450,229)	850,000
Net (decrease)/increase in cash and cash equivalents		(3,456,712)	(1,195,550)	(3,997,845)	5,350,205
Cash and cash equivalents at the beginning of the financial year		9,009,345	10,560,916	8,179,267	2,947,512
Effect of exchange translation differences on cash and cash equivalents		(772,110)	(356,021)	-	(118,450)
Cash and cash equivalents at the end of the financial year		4,780,523	9,009,345	4,181,422	8,179,267
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	14	683,811	4,422,184	84,710	3,592,106
Deposits with licensed banks	14	9,986,138	7,626,761	6,328,538	4,587,161
		10,669,949	12,048,945	6,413,248	8,179,267
Less: Deposits not for short-term funding requirements	14	(5,889,426)	(3,039,600)	(2,231,826)	-
		4,780,523	9,009,345	4,181,422	8,179,267

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Suite G-01, Ground Floor, Plaza Permata, No. 6, Jalan Kampar, 50400 Kuala Lumpur. With effect from 10 April 2019, the Company's principal place of business has been relocated to No.18, Jalan Balam, 51100 Kuala Lumpur.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 20 July 2018, the Company's registered office has been relocated to Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year except for on 1 April 2018, the license agreement for health and beauty care business under the brand name of HABA has discontinued due to the expiry of the Distribution Agreement with HABA, Japan.

2. BASIS OF PREPARATION

(a) Statement of compliance

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 and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRSs, new interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4*	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 - 2016 Cycle	Amendments to MFRS 1 Amendments to MFRS 128

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

The adoption of the new MFRSs, new interpretations and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to- maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The new impairment model applies to financial assets measured at amortised cost, debt instruments at FVTOCI, contract assets and financial guarantee contracts. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The adoption of MFRS 9 results in changes in accounting policies for financial instruments. The Group and the Company has implemented the new classification and measurement, and impairment rules under MFRS 9. The impact of reclassification and the calculation of expected credit loss has no material impact to the financial statements of the Group and of the Company, and the standard has thus been implemented without adjusting the opening balance at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

The adoption of the new MFRSs, new interpretations and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for: (cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred unti further notice

The Group and the Company intend to adopt the above new MFRSs, new interpretations and amendments to MFRSs when they become effective.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Useful lives of property, plant and equipment and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 respectively.

Impairment of investments in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies are disclosed in Note 7.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 12 and 13 respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations. The defined benefit liability of the Group at the reporting date is disclosed in Note 19.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group and the Company have tax recoverable and tax payable of RMNil and RMNil (2017: RM94,353 and RM6,637) and RM121,467 and RMNil (2017: RMNil and RMNil) respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instrument*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of the subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	5%
Furniture and fittings	10%
Computer system	20%
Office equipment	12.5% - 25%
Motor vehicles, plant and machinery	12.5% - 20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease

As lessee

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating lease, the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and accumulated impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if it is probable that future economic benefits associated with the cost will flow to the Group and the cost of the part can be measured reliably. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. It excludes the costs of day-to-day servicing of an investment property and will be expensed when incurred.

Freehold land and building under work-in-progress are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate of freehold building is 2% (2017: 2%).

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(g) Financial assets

Policy applicable from 1 January 2018

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and available for sale investments.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income

<u>Debt instruments</u>

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

(b) Financial assets at fair value through other comprehensive income (cont'd)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depend on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

(h) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities (cont'd)

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, as financial liabilities measured at amortised cost.

The Group's and the Company's financial liabilities comprise trade payables, other payables, loans and borrowings and amount due to a subsidiary company.

Trade payables, other payables and amount due to a subsidiary company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Merchandise and trading goods are stated at the lower of cost and net realisable value.

Cost of merchandise and trading goods are determined on a weighted average basis.

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

An impairment loss in respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 January 2018

All financial assets, other than those categorised as investments in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefits plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan is an approved fund independent of the Group's finances and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of reporting period.

The defined benefit obligation, calculated annually using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at statements of financial position date of Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past-service costs are recognised immediately in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

(b) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

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

(r) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income taxes (cont'd)

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

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

(s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

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

4. PROPERTY, PLANT AND EQUIPMENT

Group

2018

	Freehold buildings RM	Furniture and fittings RM	Computer system RM	Office equipment RM	Motor vehicles, plant and machinery RM	Renovation RM	Total RM
Cost							
At 1 January 2018	2,075,061	18,510	1,683,638	277,524	420,217	1,017,383	5,492,333
Additions	217,150	-	-	151,534	94,968	-	463,652
Disposal	(432,757)	-	-	(58)	(74,756)	(34,677)	(542,248)
Written off	-	-	(2,137)	(2,199)	-	(385,739)	(390,075)
Reclassification	-	3,390	-	(7,627)	-	4,237	-
Foreign currency translation differences	(69,633)	-	-	(6,754)	(2,874)	(1,204)	(80,465)
At 31 December 2018	1,789,821	21,900	1,681,501	412,420	437,555	600,000	4,943,197
Accumulated depreciation							
At 1 January 2018	272,784	8,500	1,642,026	184,784	280,909	517,150	2,906,153
Charge for the financial year	104,459	2,189	11,960	51,791	53,849	69,643	293,891
Disposal	(218,326)	-	-	-	(74,756)	-	(293,082)
Written off	-	-	(1,139)	(2,199)	-	(98,785)	(102,123)
Foreign currency translation differences	(7,202)	-	-	(3,163)	(2,786)	-	(13,151)
At 31 December 2018	151,715	10,689	1,652,847	231,213	257,216	488,008	2,791,688
Carrying amount							
At 31 December 2018	1,638,106	11,211	28,654	181,207	180,339	111,992	2,151,509

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

Group

2017

	Freehold buildings RM	Furniture and fittings RM	Computer system RM	Office equipment RM	Motor vehicles, plant and machinery RM	Renovation RM	Total RM
Cost							
At 1 January 2017	571,858	167,941	1,681,615	256,572	430,274	1,086,799	4,195,059
Additions	1,683,966	1,551	22,833	45,673	-	1,763	1,755,786
Written off	-	(150,982)	(20,810)	(2,566)	-	(66,964)	(241,322)
Foreign currency translation differences	(180,763)	-	-	(22,155)	(10,057)	(4,215)	(217,190)
At 31 December 2017	2,075,061	18,510	1,683,638	277,524	420,217	1,017,383	5,492,333
Accumulated depreciation							
At 1 January 2017	259,719	108,885	1,651,171	165,006	237,489	421,898	2,844,168
Charge for the financial year	42,313	3,181	11,665	35,024	53,240	102,388	247,811
Written off	-	(103,566)	(20,810)	(2,566)	-	(7,136)	(134,078)
Foreign currency translation differences	(29,248)	-	-	(12,680)	(9,820)	-	(51,748)
At 31 December 2017	272,784	8,500	1,642,026	184,784	280,909	517,150	2,906,153
Carrying amount							
At 31 December 2017	1,802,277	10,010	41,612	92,740	139,308	500,233	2,586,180

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

Company

2018	Computer system RM	Office equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost					
At 1 January 2018	1,616,937	14,288	249,950	600,000	2,481,175
Additions	-	800	-	-	800
Written off	-	(2,199)	-	-	(2,199)
At 31 December 2018	1,616,937	12,889	249,950	600,000	2,479,776
Accumulated depreciation					
At 1 January 2018	1,616,937	14,288	129,113	425,001	2,185,339
Charge for the financial year	-	13	49,990	60,000	110,003
Written off	-	(2,199)	-	-	(2,199)
At 31 December 2018	1,616,937	12,102	179,103	485,001	2,293,143
Carrying amount					
At 31 December 2018	-	787	70,847	114,999	186,633

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

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

Company

2017

	Furniture and fittings RM	Computer system RM	Office equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost						
At 1 January 2017	31,847	1,616,937	14,288	249,950	600,000	2,513,022
Written off	(31,847)	-	-	-	-	(31,847)
At 31 December 2017	-	1,616,937	14,288	249,950	600,000	2,481,175
Accumulated depreciation						
At 1 January 2017	31,031	1,616,391	14,288	79,123	365,001	2,105,834
Charge for the financial year	61	546	-	49,990	60,000	110,597
Written off	(31,092)	-	-	-	-	(31,092)
At 31 December 2017	-	1,616,937	14,288	129,113	425,001	2,185,339
Carrying amount						
At 31 December 2017	-	-	-	120,837	174,999	295,836

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

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

(a) Assets held under finance leases

At 31 December 2018, the net carrying amount of leased motor vehicle of the Group was RM92,989 (2017: RMNil).

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 18.

(b) Acquisition of property, plant and equipment

The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year under finance lease arrangement and cash payments are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Aggregate costs	463,652	1,755,786	800	-
Less: Finance lease financing	(57,989)	-	-	-
Less: Foreign currency translation differences	(67,314)	-	-	-
Cash payments	338,349	1,755,786	800	-

5. INVESTMENT PROPERTY

	Group	
	2018 RM	2017 RM
At cost		
At 1 January	3,200,000	-
Additions	546,498	3,200,000
At 31 December	3,746,498	3,200,000
Accumulated depreciation		
At 1 January	2,667	-
Charge for the financial year	16,000	2,667
At 31 December	18,667	2,667
Carrying amount		
At 31 December	3,727,831	3,197,333
Included in the above are:		
At cost		
Freehold land	2,400,000	2,400,000
Building	800,000	800,000
Building under construction	546,498	-
	3,746,498	3,200,000
Fair value of investment property	3,878,000	3,200,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

5. INVESTMENT PROPERTY (CONT'D)

Fair value information

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable input used.

Description of valuation technique	Significant unobservable input	Inter-relationship between significant unobservable input and fair value measurement
The Group estimates the fair value of the investment property by comparison to investment properties that were listed for sale within the same locality or other comparable localities.	Market price of property per square feet ("sq ft") in vicinity compared.	The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).

The fair value of investment property was estimated by the management using above valuation technique. The fair value is within Level 3 of the fair value hierarchy.

There were no transfers between levels during current and previous financial year.

Highest and best use

The Group's investment property represent a three-storey corner shophouse. The highest and best use of this property is for rental income generation as it is located in the vicinity of the commercial area.

6. INTANGIBLE ASSETS

	Group	
	2018	**2017**
Computer software acquired	**RM**	**RM**
Cost		
At 1 January	5,002	5,590
Additions	7,834	-
Foreign currency translation differences	(86)	(588)
At 31 December	12,750	5,002
Accumulated amortisation		
At 1 January	3,090	2,741
Amortisation for the financial year	455	686
Foreign currency translation differences	(14)	(337)
At 31 December	3,531	3,090
Carrying amount		
At 31 December	9,219	1,912

The cost of computer software acquired, including all directly attributable costs of preparing the assets for their intended use, is amortised on a straight-line basis over the estimated useful life of 4 years (2017: 4 years).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

6. INTANGIBLE ASSETS (CONT'D)

(a) Acquisition of intangible assets

	Group	
	2018 RM	2017 RM
Aggregate costs	7,834	-
Less: Foreign currency translation differences	(72)	-
	7,762	-

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2018 RM	2017 RM
In Malaysia:		
At cost		
Unquoted shares	3,888,422	688,424
Less: Accumulated impairment losses	(3,428,354)	(688,421)
	460,068	3
Outside Malaysia:		
At cost		
Unquoted shares	681,280	3,746,694
Less: Accumulated impairment losses	-	(3,065,414)
	681,280	681,280
	1,141,348	681,283

During the financial year, Angkara Setia Development Sdn. Bhd., a wholly-owned subsidiary company in the managed customer loyalty services segment, was temporarily in loss making situation.

The recoverable amount of the Company's investment in Angkara Setia Development Sdn. Bhd. estimated based on value-in-use method was Nil. Therefore, an impairment loss amounting to RM2,739,933 was recognised during the financial year. As a result, the Company's investment in Angkara Setia Development Sdn. Bhd. is fully impaired as at 31 December 2018.

Movements in the allowance for impairment losses of investments in subsidiary companies are as follows:

	Group	
	2018 RM	2017 RM
At 1 January	3,753,835	3,753,835
Impairment losses recognised	2,739,933	-
Strike off of subsidiary company	(3,065,414)	-
At 31 December	3,428,354	3,753,835

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%) 2018	2017	Principal activities
Advanced Supply Chain Solutions Sdn. Bhd.	Malaysia	100	100	Providing outsourced procurement and fulfilment services through local suppliers and mail order programmes, including warehousing and distribution services and health and beauty care products. On 1 April 2018, the license agreement for health and beauty care business under the brand name of HABA has discontinued due to the expiry of the Distribution Agreement with HABA, Japan.
.				
PT CLS System*	Indonesia	100	100	Providing integrated solutions in the management of customer loyalty services.
Pride Group Limited	British Virgin Islands	100	100	Investment holding company
Angkara Setia Development Sdn. Bhd.	Malaysia	100	100	Involving in real estate activities with own or leased property and providing outsourced procurement and fulfilment services through local suppliers and mail order programmes, including warehousing and distribution services.
Bounty Trading Pte. Ltd.^	Singapore	-	100	Dormant

* Subsidiary company audited by a member firm of UHY in Indonesia
^ Subsidiary company not audited by UHY

(a) Additional investments in subsidiary companies

On 27 November 2018, the Company subscribe for 499,998 new ordinary shares in Angkara Setia Development Sdn. Bhd. ("ASDSB"), a wholly-owned subsidiary of the Company, at an issue price of RM1.00 each for a total consideration of RM499,998 only by way of capitalisation against the amount due from ASDSB to the Company, thereby increasing the Company's equity interest in ASDSB from 2 ordinary shares to 500,000 ordinary shares.

On 6 December 2018, the Company subscribe for 27,000,000 new 5% Redeemable Convertible Preference Shares ("RCPS") in ASDSB, a wholly-owned subsidiary of the Company, at an issue price of RM0.10 per RCPS by way of capitalising the sum of RM2,700,000 from amount due from ASDSB to the Company.

(b) Strike off of subsidiary company

On 11 June 2018, Bounty Trading Pte. Ltd. (BT), a dormant wholly-owned subsidiary of the Company, had received notification of approval for application for striking off from Accounting and Corporate Regulatory Authority ("ACRA") in Singapore. The name of BT was completely strike off from register on 8 October 2018. The striking off of Bounty Trading is not expected to have any material effect on the earnings or net assets of the Group. The subsidiary company was previously reported as part of the other segment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

8. OTHER INVESTMENTS

	Group and Company 2018 RM	Group and Company 2017 RM
Non-current		
Financial assets measured at fair value through other comprehensive income		
Quoted shares	5,986,044	2,776,272
Other investment		
Golf club membership, at cost	45,000	45,000
	6,031,044	2,821,272

The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

9. DEFERRED TAX ASSETS

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
At 1 January	41,252	30,342	-	-
Recognised in profit or loss	1,342	8,587	-	-
Recognised in other comprehensive income	(6,885)	6,600	-	-
Effect of changes in exchange rates	(1,059)	(4,277)	-	-
At 31 December	34,650	41,252	-	-

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	2018 RM	2017 RM
Group		
Deferred tax assets	54,922	71,011
Deferred tax liabilities	(20,272)	(29,759)
	34,650	41,252
Company		
Deferred tax assets	15,350	20,775
Deferred tax liabilities	(15,350)	(20,775)
	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

9. DEFERRED TAX ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows:

Group **Deferred tax assets**	**Unabsorbed capital allowances** **RM**	**Unused tax losses** **RM**	**Others** **RM**	**Total** **RM**
2018				
At 1 January 2018	29,759	-	41,252	71,011
Recognised in profit or loss	(8,202)	-	1,342	(6,860)
Over provision in prior years	(1,285)	-	-	(1,285)
Recognised in other comprehensive income	-	-	(6,885)	(6,885)
Effect of changes in exchange rates	-	-	(1,059)	(1,059)
At 31 December 2018	20,272	-	34,650	54,922
2017				
At 1 January 2017	13,454	1,496	30,342	45,292
Recognised in profit or loss	(112,489)	(10,508)	8,587	(114,410)
Under provision in prior years	128,794	9,012	-	137,806
Recognised in other comprehensive income	-	-	6,600	6,600
Effect of changes in exchange rates	-	-	(4,277)	(4,277)
At 31 December 2017	29,759	-	41,252	71,011

Group **Deferred tax liabilities**	**Accelerated capital allowances** **RM**	**Others** **RM**	**Total** **RM**
2018			
At 1 January 2018	(29,759)	-	(29,759)
Recognised in profit or loss	8,202	-	8,202
Under provision in prior years	1,285	-	1,285
At 31 December 2018	(20,272)	-	(20,272)
2017			
At 1 January 2017	(14,950)	-	(14,950)
Recognised in profit or loss	8,022	114,975	122,997
Under provision in prior years	(22,831)	(114,975)	(137,806)
At 31 December 2017	(29,759)	-	(29,759)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

9. DEFERRED TAX ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows: (cont'd)

Company **Deferred tax assets**	**Unabsorbed capital allowances** **RM**	**Unused tax losses** **RM**	**Total** **RM**
2018			
At 1 January 2018	20,775	-	20,775
Recognised in profit or loss	(5,425)	-	(5,425)
At 31 December 2018	15,350	-	15,350
2017			
At 1 January 2017	10,065	-	10,065
Recognised in profit or loss	(104,120)	(9,012)	(113,132)
Under provision in prior years	114,830	9,012	123,842
At 31 December 2017	20,775	-	20,775

Company **Deferred tax liabilities**	**Accelerated capital allowances** **RM**	**Others** **RM**	**Total** **RM**
2018			
At 1 January 2018	(20,775)	-	(20,775)
Recognised in profit or loss	5,425	-	5,425
At 31 December 2018	(15,350)	-	(15,350)
2017			
At 1 January 2017	(10,065)	-	(10,065)
Recognised in profit or loss	(1,843)	114,975	113,132
Under provision in prior years	(8,867)	(114,975)	(123,842)
At 31 December 2017	(20,775)	-	(20,775)

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

	Group		**Company**	
	2018 **RM**	**2017** **RM**	**2018** **RM**	**2017** **RM**
Unabsorbed capital allowances	792,903	736,189	468,625	433,834
Unused tax losses	8,816,674	7,376,240	3,823,727	2,727,433
Others	864,081	712,202	864,081	712,202
	10,473,658	8,824,631	5,156,433	3,873,469

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

10. INVENTORIES

	Group 2018 RM	Group 2017 RM
At cost		
Merchandise and trading goods	328,274	688,116
Recognised in profit or loss:		
Inventories recognised as cost of sales	7,088,936	8,172,129
Inventories written off	59,577	-

11. TRADE RECEIVABLES

	Group 2018 RM	Group 2017 RM
Trade receivables	1,964,508	2,315,573
Less: Accumulated impairment losses	(13,543)	(14,013)
	1,950,965	2,301,560

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 0 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group 2018 RM	Group 2017 RM
At 1 January	14,013	15,659
Foreign currency translation differences	(470)	(1,646)
At 31 December	13,543	14,013

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

11. TRADE RECEIVABLES (CONT'D)

The aged analysis of the trade receivables as at the end of the reporting period:

	Group	
	2018 RM	2017 RM
Neither past due nor impaired	1,520,220	206,923
Past due but not impaired:		
Less than 30 days	326,665	1,201,152
31 to 60 days	95,937	635,426
61 to 90 days	21,686	272,072
Gross amount	1,964,508	2,315,573
Loss allowance, individual impaired	(13,543)	(14,013)
Net amount	1,950,965	2,301,560

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2018, trade receivables of RM430,745 (2017: RM2,094,637) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM13,543 (2017: RM14,013), relate to customers that are in financial difficulties, have defaulted on payments and/or has disputed on the billings. These balances are expected to be recovered through the debts recovery process.

12. OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables		5,198	88,829	-	80,000
Refundable deposits		125,656	121,896	9,400	10,400
Prepayments		74,107	159,140	-	9,700
Unsecured non-convertible redeemable preference shares, unquoted	(a)	-	3,000,000	-	3,000,000
		204,961	3,369,865	9,400	3,100,100

(a) In previous financial year, on 27 January 2016, the Company entered into a Subscription Agreement ("SA") with NTL International Holdings (M) Sdn. Bhd. ("NTL") to subscribe for a total of 100,000 new Non-Convertible Redeemable Preferences Shares ("RPS") at an issue price of RM30 each in NTL for a total consideration of RM3,000,000. The RPS which has a coupon rate of 16% per annum and a tenure of 24 months from the date of subscription will expire on 26 January 2018.

The Company received the full redemption on 26 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

13. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2018 RM	2017 RM
Amount due from subsidiary companies		
Trade related		
Non-interest bearing	780,000	780,000
Non-trade related		
Non-interest bearing	10,117,084	13,081,934
Less: Accumulated impairment losses	(8,148,019)	(10,534,185)
	2,749,065	3,327,749
Amount due to a subsidiary company		
Non-trade related		
Non-interest bearing	(159,194)	(8,735)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2018 RM	2017 RM
At 1 January	10,534,185	4,683,206
Impairment losses recognised	1,093,120	5,850,979
Impairment losses reversed	(3,265,626)	-
Amount written off	(213,660)	-
At 31 December	8,148,019	10,534,185

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

14. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	683,811	4,422,184	84,710	3,592,106
Fixed deposits with licensed banks	9,986,138	7,626,761	6,328,538	4,587,161
	10,669,949	12,048,945	6,413,248	8,179,267
Less: Deposits with tenures of more than 3 months	(5,889,426)	(3,039,600)	(2,231,826)	-
	4,780,523	9,009,345	4,181,422	8,179,267

The effective interest rates and maturities of fixed deposits of the Group's and of the Company's as at end of the reporting period ranged from 3.15% to 7.50% (2017: 2.95% to 7.00%) and 3.15% to 4.20% (2017: 2.95% to 3.03%) and 1 to 12 months (2017: 1 to 12 months) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
Issued and fully paid:				
At 1 January	266,058,666	266,058,666	26,605,867	26,605,867
Transition to no-par value regime on 31 January 2017 - share premium	-	-	1,446,132	-
At 31 December	266,058,666	266,058,666	28,051,999	26,605,867

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM1,446,132 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act. As at the date of issuance of the financial statements, the Company did not utilise the share premium account.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

16. RESERVES

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable					
Share premium	(a)	-	1,446,132	-	1,446,132
Fair value adjustment reserve	(b)	1,024,492	423,181	1,024,492	423,181
Foreign currency translation reserve	(c)	(1,107,371)	(198,104)	-	-
(Accumulated losses)/Retained earnings	(d)	(39,321)	2,265,377	(8,715,030)	(6,291,354)
		(122,200)	3,936,586	(7,690,538)	(4,422,041)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

16. RESERVES (CONT'D)

The nature of reserves of the Group and of the Company are as follows:

(a) Share premium

	Group and Company	
	2018	2017
	RM	RM
At 1 January	1,446,132	1,446,132
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016 (Note 15)	(1,446,132)	-
At 31 December	-	1,446,132

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they are derecognised or impaired.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Retained earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends.

Subject to the agreement by the Inland Revenue Board, the Company has tax exempt income to frank the payment of tax exempt dividends up to RM13,524,904 (2017: RM13,524,904).

17. TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 8 June 2018, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The number of treasury shares held by the Company as at 31 December 2018 was 24,090,500 (2017: 24,090,500). The Company did not repurchase any of its own shares during the current and previous financial year.

None of the treasury shares were resold or cancelled during the current and previous financial year. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016 in Malaysia.

As at 31 December 2018, the number of the Company's shares in issue after deducting treasury shares is 241,968,166 (2017: 241,968,166) ordinary shares.

18. LOAN AND BORROWING

	Group	
	2018 RM	2017 RM
Secured		
Finance lease liabilities	51,507	-
Non-current		
Finance lease liabilities	35,511	-
Current		
Finance lease liabilities	15,996	-
	51,507	-

	Group	
	2018 RM	2017 RM
Minimum lease payments:		
Within one year	20,258	-
Later than one year and not later than two years	22,087	-
Later than two years and not later than five years	16,566	-
	58,911	-
Less: Future finance charges	(7,404)	-
Present value of minimum lease payments	51,507	-
Present value of minimum lease payments:		
Within one year	15,996	-
Later than one year and not later than two years	19,576	-
Later than two years and not later than five years	15,935	-
	51,507	-

The average effective interest rates per annum for finance lease liabilities is 8.89% (2017: Nil).

The Group leases motor vehicle under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

19. EMPLOYEE BENEFITS

Retirement benefits plans

	Group	
	2018	**2017**
	RM	**RM**
Present value of unfunded defined benefit obligations	192,884	165,007

The Group recognises liabilities for employee benefits in respect of its overseas subsidiary company, PT CLS System in accordance with the Indonesian Labour Law No. 13 Year 2003 dated 25 March 2003 ("Labour Law"). Under this Labour Law, the employee benefits are payable upon dismissal of employees.

The movements in the present value of defined benefits obligations is:

	Group	
	2018	**2017**
	RM	**RM**
At 1 January	165,007	121,368
Recognised in profit or loss:		
- Current service costs	39,891	34,263
- Interest on obligations	9,819	9,543
Benefits paid by the plan	(44,343)	(9,459)
Remeasurement recognised in other comprehensive income:		
- Effects of changes in financial assumptions	27,541	26,401
- Foreign exchange translation differences	(5,031)	(17,109)
At 31 December	192,884	165,007

Actuarial assumptions

The principal actuarial assumptions at the end of the reporting period are:

	Group	
	2018	**2017**
	%	**%**
Discount rate	8.63	7.28
Future average salary increases	9.00	9.00

Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations as at 31 December 2018 are as follows:

	Group	
	+1%	**-1%**
	RM	**RM**
(Decrease)/Increase of present value of the unfunded obligations		
- Discount rate	(22,748)	26,402
- Expected salary	26,047	(22,871)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

20. TRADE PAYABLES

	Group	
	2018 RM	2017 RM
Trade payables	425,841	105,775

Credit terms of trade payables of the Group ranged from 30 to 60 days (2017: 30 to 60 days) depending on the terms of the contracts.

21. OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	337,530	244,064	133	185,582
Accruals	107,218	151,333	67,794	91,845
	444,748	395,397	67,927	277,427

22. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revenue form contracts with customers:				
- Sales and services under customer loyalty programmes	9,200,189	10,653,254	-	-
- Distribution of health and beauty care products	310,984	1,323,484	-	-
	9,511,173	11,976,738	-	-
Revenue from other sources:				
- Dividend from preference shares (Note 12(a))	40,000	480,000	40,000	480,000
	9,551,173	12,456,738	40,000	480,000
Timing of revenue recognition:				
At a point in time/Total revenue from contracts with customers	9,511,173	11,976,738	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

22. REVENUE (CONT'D)

Breakdown of the Group's revenue from contracts with customers:

	Managed customer loyalty services RM	Distribution of health and beauty care products RM	Total RM
2018			
Geographical market:			
Malaysia	1,679,462	310,984	1,990,446
Indonesia	7,520,727	-	7,520,727
Total revenue from contracts with customers	9,200,189	310,984	9,511,173
2017			
Geographical market:			
Malaysia	1,757,730	1,224,098	2,981,828
Indonesia	8,895,524	-	8,895,524
Others	-	99,386	99,386
Total revenue from contracts with customers	10,653,254	1,323,484	11,976,738

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

23. LOSS BEFORE TAX

Loss before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration:				
- statutory audits				
- UHY	73,019	73,094	50,000	50,000
- member firms of UHY International	24,346	27,553	-	-
- under provision in prior years	-	4,500	-	5,000
- non-audit services	5,000	5,000	5,000	5,000
Amortisation of intangible assets	455	686	-	-
Defined benefit obligations	49,710	43,806	-	-
Depreciation of:				
- investment property	16,000	2,667	-	-
- property, plant and equipment	293,891	247,811	110,003	110,597
Foreign exchange loss:				
- realised	68,612	3,548	67,092	-
- unrealised	31	118,450	151,880	712,202
Fair value gain of financial asset recognised in profit or loss	-	(257,015)	-	(257,015)
Gain on disposal of:				
- property, plant and equipment	(1,376,594)	-	-	-
- quoted shares	-	(9,500)	-	(9,500)
- unit trusts	-	(14,426)	-	(14,426)
Impairment losses on:				
- investments in subsidiary companies	-	-	2,739,933	-
Inventories written off	59,577	-	-	-
Interest income from fixed deposits with licensed banks	(342,180)	(435,121)	(165,399)	(77,929)
Interest income from placements with money market funds	-	(118,463)	-	(118,463)
Net gain/(loss) on impairment of financial instruments:				
- impairment losses on amount due from subsidiary companies	-	-	1,093,120	5,850,979
- reversal of impairment losses on amount due from subsidiary companies	-	-	(3,265,626)	-
Non-executive Directors' remunerations				
- fees	230,000	180,000	230,000	180,000
- other emoluments	20,000	23,000	20,000	23,000
Property, plant and equipment written off	287,952	107,244	-	755
Rental expenses on:				
- car park	1,084	-	-	-
- motor vehicle	54,000	54,000	-	-
- office equipment	12,696	5,182	-	-
- premises	205,519	234,776	33,600	33,600

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

24. TAXATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax (credit)/expense recognised in profit or loss				
Current tax				
- Foreign tax	5,342	1,484	-	-
Under provision in prior years	6,637	-	6,637	-
	11,979	1,484	6,637	-
Deferred tax				
- Origination and reversal of temporary differences	(1,342)	(8,587)	-	-
	10,637	(7,103)	6,637	-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income tax relating to items of other comprehensive income that will not be reclassified to profit or loss				
Income tax relating to gain on remeasurement of defined benefit liability	6,885	(6,600)	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expenses applicable to loss before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before tax	(2,319,693)	(2,122,921)	(2,417,039)	(7,729,632)
At Malaysian statutory tax rate of 24% (2017: 24%)	(556,726)	(509,501)	(580,089)	(1,855,112)
Effects of different tax rates in other jurisdictions	(2,316)	2,510	-	-
	(559,042)	(506,991)	(580,089)	(1,855,112)
Expenses not deductible for tax purposes	1,133,687	226,849	1,055,928	1,540,513
Deferred tax assets not recognised	395,766	618,955	307,911	531,713
Income not subject to tax	(966,411)	(306,412)	(783,750)	(217,114)
Utilisation of previously unrecognised deferred tax assets	-	(39,504)	-	-
Under provision of tax expenses in prior years	6,637	-	6,637	-
	10,637	(7,103)	6,637	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

24. TAXATION (CONT'D)

The unabsorbed capital allowances and unused tax losses which are available to be carried forward to set off against future chargeable income as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unabsorbed capital allowances	877,369	854,829	532,581	520,395
Unused tax losses	8,816,674	9,421,615	3,823,727	2,727,433
Others	864,081	712,202	864,081	712,202
	10,558,124	10,988,646	5,220,389	3,960,030

25. LOSS PER SHARE

(a) Basic loss per shares

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018 RM	2017 RM
Loss attributable to owners of the parent	(2,330,330)	(2,115,818)
Weighted average number of ordinary shares in issue (Units)		
Issued ordinary shares at 1 January	266,058,666	266,058,666
Less: Treasury shares	(24,090,500)	(24,090,500)
Weighted average number of ordinary shares at 31 December	241,968,166	241,968,166
Basic loss per share (sen)	(0.96)	(0.87)

(b) Diluted loss per share

The Group has no dilution in its loss per ordinary share as there are no dilutive potential ordinary shares. There has been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

26. STAFF COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and other emoluments	2,336,673	2,778,689	658,259	913,288
Defined contribution plans	146,596	196,559	66,243	83,603
Social security contributions	14,882	18,125	3,590	3,924
Other benefits	107,900	265,942	-	-
Defined benefit obligations	49,710	43,806	-	-
	2,655,761	3,303,121	728,092	1,000,815

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

26. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	535,571	408,340	310,226	235,000
Defined contribution plans	35,846	20,775	35,846	20,775
Social security contributions	1,954	1,421	1,954	1,421
	573,371	430,536	348,026	257,196
Past Director of the Company*				
Salaries and other emoluments	-	189,434	-	140,000
Defined contribution plans	-	16,800	-	16,800
Social security contributions	-	760	-	760
	-	206,994	-	157,560

* This represent the remuneration paid to the Director until whom resigned on 23 November 2017.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

			Non-cash changes	
	At 1 January 2018 RM	Financing cash flows (i) RM	New finance lease Note 4(b) RM	At 31 December 2018 RM
Group				
Finance lease liabilities	-	(6,482)	57,989	51,507
Company				
Amount due to a subsidiary company	8,735	150,459	-	159,194

(i) The cash flows from finance lease liabilities represents repayments of finance lease liabilities in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

28. COMMITMENTS

	Group	
	2018	2017
	RM	RM
Capital expenditure		
Authorised and contracted for:		
- Investment porperties	513,560	-

Operating lease commitments - as lessee

The future minimum lease payment payable under non-cancellable operating leases are:

	Group	
	2018	2017
	RM	RM
Within one year	99,717	164,142
Later than one year but not later than two years	26,956	13,080
Later than two years but not later than five years	24,856	23,880
	151,529	201,102

Leasing arrangements

The Group rents photocopy machine, motor vehicle and office under non-cancellable operating lease agreements. The lease terms are between 4 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. None of the leases includes contingent rentals.

29. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

29. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
(i) Transactions with Director of corporate shareholder				
- Rental of motor vehicle	54,000	54,000	-	-
(ii) Transactions with companies in which Directors of the Company have substantial financial interest				
- Fees paid to a professional legal firm	-	114,200	-	-
(iii) Transactions with subsidiary company				
- Investment in subsidiary company	-	-	3,199,998	-

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Notes 23 and 26 respectively.

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Managed customer loyalty services	• Sales and marketing services • Client relationship management • Outsourced contact centre management
Distribution of health and beauty care products	• Distribution of HABA brand of health and beauty care products from Japan, whereby the Group through its subsidiary, Advanced Supply Chain Solutions Sdn. Bhd., holds the exclusive distribution rights for Malaysia
Others	• Outsourced procurement services, investment holding and corporate level activities

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

30. SEGMENT INFORMATION (CONT'D)

(a) Business segment

	Managed customer loyalty services RM	Distribution of health and beauty care products RM	Others RM	Consolidated RM
2018				
Revenue				
Total revenue - external customers	9,200,189	310,984	40,000	9,551,173
Results				
Segment results	(739,578)	(628,869)	(1,293,426)	(2,661,873)
Finance income	176,781	-	165,399	342,180
Loss before tax	(562,797)	-	(1,128,027)	(2,319,693)
Taxation	(4,000)	-	(6,637)	(10,637)
Loss for the financial year	(566,797)	-	(1,134,664)	(2,330,330)
Assets and liabilities				
Segment assets	12,303,056	160,343	12,645,003	25,108,402
Including in the measurement of segment assets are:				
Capital expenditure relating to:				
- investment property	546,498	-	-	546,498
- property, plant and equipment	462,852	-	800	463,652
Segment liabilities	1,166,961	-	69,486	1,236,447
Other information				
Amortisation of intangible assets	455	-	-	455
Defined benefit obligations	49,710	-	-	49,710
Depreciation of:				
- investment property	16,000	-	-	16,000
- property, plant and equipment	174,245	9,643	110,003	293,891
Inventory written off	-	59,577	-	59,577
Property, plant and equipment written off	-	287,952	-	287,952
Unrealised loss on foreign exchange	-	-	31	31
Gain on disposal of:				
- property, plant and equipment	(1,376,594)	-	-	(1,376,594)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

30. SEGMENT INFORMATION (CONT'D)

(a) Business segment (cont'd)

	Managed customer loyalty services RM	Distribution of health and beauty care products RM	Others RM	Consolidated RM
2017				
Revenue				
Total revenue - external customers	10,653,254	1,323,484	480,000	12,456,738
Results				
Segment results	(277,451)	(220,273)	(2,178,781)	(2,676,505)
Finance income	357,192	-	196,392	553,584
Profit/(Loss) before tax	79,741	(220,273)	(1,982,389)	(2,122,921)
Taxation	7,103	-	-	7,103
Profit/(Loss) for the financial year	86,844	(220,273)	(1,982,389)	(2,115,818)
Assets and liabilities				
Segment assets	8,671,144	591,863	17,887,781	27,150,788
Including in the measurement of segment assets are:				
Capital expenditure relating to:				
- investment property	-	-	3,200,000	3,200,000
- property, plant and equipment	1,730,675	25,111	-	1,755,786
Segment liabilities	320,454	51,677	294,048	666,179
Other information				
Amortisation of intangible assets	686	-	-	686
Defined benefit obligations	43,806	-	-	43,806
Depreciation of:				
- investment property	-	-	2,667	2,667
- property, plant and equipment	110,920	26,294	110,597	247,811
Property, plant and equipment written off	61,262	45,227	755	107,244
Unrealised loss on foreign exchange	-	-	118,450	118,450
Gain on disposal of:				
- quoted shares	-	-	(9,500)	(9,500)
- unit trusts	-	-	(14,426)	(14,426)
Fair value gain on financial asset recognised in profit or loss	-	-	(257,015)	(257,015)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

30. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia	2,030,446	3,561,214	3,958,565	3,850,246
Indonesia	7,520,727	8,895,524	1,929,994	1,935,179
	9,551,173	12,456,738	5,888,559	5,785,425

Non-current assets for this purpose consist of property, plant and equipment, investment property and intangible assets.

(c) Major customers

Revenue from transactions with major customers who individually accounted for 10 percent or more of Group's revenue are summarised below:

	Revenue		
	2018 RM	2017 RM	Segment
Customer A	973,890	1,467,598	Managed customer loyalty services
Customer B	1,992,778	1,274,414	Managed customer loyalty services
Customer C	1,615,647	-	Managed customer loyalty services
	4,582,315	2,742,012	

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

2018	**At amortised cost RM**	**At FVTOCI RM**	**Total RM**
Financial assets			
Group			
Other investments	-	5,986,044	5,986,044
Trade receivables	1,950,965	-	1,950,965
Other receivables	130,854	-	130,854
Deposits, bank and cash balances	10,669,949	-	10,669,949
	12,751,768	5,986,044	18,737,812
Company			
Other investments	-	5,986,044	5,986,044
Other receivables	9,400	-	9,400
Amount due from subsidiary companies	2,749,065	-	2,749,065
Deposits, bank and cash balances	6,413,248	-	6,413,248
	9,171,713	5,986,044	15,157,757
2018			
Financial liabilities			
Group			
Loan and borrowing	51,507	-	51,507
Trade payables	425,841	-	425,841
Other payables	444,748	-	444,748
	922,096	-	922,096
Company			
Other payables	67,927	-	67,927
Amount due to a subsidiary company	159,194	-	159,194
	227,121	-	227,121

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (cont'd)

2017	**Loans and receivables RM**	**Available-for-sale RM**	**Financial liabilities measured at amortised RM**	**Total RM**
Financial assets				
Group				
Other investments	-	2,776,272	-	2,776,272
Trade receivables	2,301,560	-	-	2,301,560
Other receivables	3,210,725	-	-	3,210,725
Deposits, bank and cash balances	12,048,945	-	-	12,048,945
	17,561,230	2,776,272	-	20,337,502
Company				
Other investments	-	2,776,272	-	2,776,272
Other receivables	3,090,400	-	-	3,090,400
Amount due from subsidiary companies	3,327,749	-	-	3,327,749
Deposits, bank and cash balances	8,179,267	-	-	8,179,267
	14,597,416	2,776,272	-	17,373,688
2017				
Financial liabilities				
Group				
Trade payables	-	-	105,775	105,775
Other payables	-	-	395,397	395,397
	-	-	501,172	501,172
Company				
Other payables	-	-	277,427	277,427
Amount due to a subsidiary company	-	-	8,735	8,735
	-	-	286,162	286,162

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables are credit impaired.

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk.

There are no significant changes as compared to previous financial year.

<u>Credit risk concentration</u>

As at the end of the financial year, the Group had 2 customers (2017: 2 customers) that owed the Group more than RM195,097 each and accounted for approximately 51% (2017: 47%) of all the receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

The following table analyses the remaining contractual maturity for 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 and the Company can be required to pay.

	On demand or within 1 year RM	**1 to 2 years RM**	**2 to 5 years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Group					
2018					
Non-derivative financial liabilities					
Loan and borrowing	20,258	22,087	16,566	58,911	51,507
Trade payables	425,841	-	-	425,841	425,841
Other payables	444,748	-	-	444,748	444,748
	890,847	22,087	16,566	929,500	922,096
2017					
Non-derivative financial liabilities					
Trade payables	105,775	-	-	105,775	105,775
Other payables	395,397	-	-	395,397	395,397
	501,172	-	-	501,172	501,172

	On demand or within 1 year RM	**Total contractual cash flows RM**	**Total carrying amount RM**
Company			
2018			
Non-derivative financial liabilities			
Other payables	67,927	67,927	67,927
Amount due to a subsidiary company	159,194	159,194	159,194
	227,121	227,121	227,121
2017			
Non-derivative financial liabilities			
Other payables	277,427	277,427	277,427
Amount due to a subsidiary company	8,735	8,735	8,735
	286,162	286,162	286,162

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD), Japanese Yen (JPY) and Indonesia Rupiah (IDR).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in				
	USD RM	**SGD RM**	**JPY RM**	**Others RM**	**Total RM**
Group					
2018					
Deposits, bank and cash balances	3,708	20	23	959	4,710
2017					
Deposits, bank and cash balances	2,112,702	684,929	161,525	3,236	2,962,392

	Denominated in				
	USD RM	**SGD RM**	**IDR RM**	**Others RM**	**Total RM**
Company					
2018					
Deposits, bank and cash balances	15	20	-	23	58
Amount due from subsidiary companies	-	-	2,749,063	-	2,749,063
Amount due to a subsidiary company	(159,194)	-	-	-	(159,194)
	(159,179)	20	2,749,063	23	2,589,927
2017					
Deposits, bank and cash balances	2,023,750	684,929	-	161,525	2,870,204
Amount due from subsidiary companies	-	-	3,327,749	-	3,327,749
Amount due to a subsidiary company	(8,735)	-	-	-	(8,735)
	2,015,015	684,929	3,327,749	161,525	6,189,218

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and of the Company's loss before tax to a reasonably possible change in the USD, SGD, JPY, IDR and others exchange rates against RM, with all other variables held constant.

Group	**Change in currency rate RM**	**2018 Effect on loss before tax RM**	**2017 Effect on loss before tax RM**
USD	Strengthened 5% (2017: 5%)	185	105,635
	Weakend 5% (2017: 5%)	(185)	(105,635)
SGD	Strengthened 5% (2017: 5%)	1	34,246
	Weakend 5% (2017: 5%)	(1)	(34,246)
JPY	Strengthened 5% (2017: 5%)	1	8,076
	Weakend 5% (2017: 5%)	(1)	(8,076)
Others	Strengthened 5% (2017: 5%)	48	162
	Weakend 5% (2017: 5%)	(48)	(162)
Company			
USD	Strengthened 5% (2017: 5%)	(7,959)	100,751
	Weakend 5% (2017: 5%)	7,959	(100,751)
SGD	Strengthened 5% (2017: 5%)	1	34,246
	Weakend 5% (2017: 5%)	(1)	(34,246)
IDR	Strengthened 5% (2017: 5%)	137,453	166,387
	Weakend 5% (2017: 5%)	(137,453)	(166,387)
Others	Strengthened 5% (2017: 5%)	1	8,076
	Weakend 5% (2017: 5%)	(1)	(8,076)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short-term deposits.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2018 RM	2017 RM
Group		
Fixed rate instruments		
Financial assets	9,934,631	7,626,761
Financial liabilities	(51,507)	-
	9,883,124	7,626,761
Company		
Fixed rate instrument		
Financial assets	6,328,538	4,587,161

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2018	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
Group										
Financial asset										
Quoted shares	5,986,044	-	-	5,986,044	-	-	-	-	5,986,044	5,986,044
Financial liability										
Finance lease liabilities	-	-	-	-	-	56,351	-	56,351	56,351	51,507
Company										
Financial assets										
Quoted shares	5,986,044	-	-	5,986,044	-	-	-	-	5,986,044	5,986,044
2017										
Group and Company										
Financial assets										
Quoted shares	2,776,272	-	-	2,776,272	-	-	-	-	2,776,272	2,776,272

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

32. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy are to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Finance lease liabilities	51,507	-	-	-
Less: deposits, cash and bank balances	(10,669,949)	(12,048,945)	(6,413,248)	(8,179,267)
	(10,618,442)	(12,048,945)	(6,413,248)	(8,179,267)
Total equity	23,871,955	26,484,609	16,303,617	18,125,982
Gearing ratio	N/A*	N/A*	N/A*	N/A*

* The gearing ratio is not applicable as the Group's and the Company's have sufficient deposits, cash and bank balances to settle the liabilities as at financial year end.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (CONT'D)

33. MATERIAL LITIGATIONS

(a) The Company had, on 20 January 2017, been served with a Writ (Kuala Lumpur High Court Suit No.: WA-22NCC-17-01/2-17) issued by Customer Loyalty Solutions Sdn. Bhd. (in liquidation) ("the Plaintiff", hereby known as "CLS") claiming that the payment of RM6,524,652 from the Plaintiff to the Company are void or voidable. The Claim has also been filed on two (2) other defendants comprising a current and a former director of the Company to jointly and severally liable to pay the Plaintiff the sum of RM6,524,652. On 7 July 2011, the Plaintiff ceased as subsidiary of the Company.

The matters went for full trial and concluded on 16 January 2019. The Court fixed 20 February 2019 for oral submissions and had fixed 4 March 2019 for further submissions. The Court had on 4 March 2019 heard further submissions by the Defendants and has now fixed 10 May 2019 for further clarification/decision.

The outcome of the legal case cannot be reliably ascertained as at the date of this report pending the Court decision.

(b) On 14 November 2017, the Company entered into a Deed of Settlement ("The Agreement") with the former director against the Company and vice-versa for the settlement sum of RM200,000 ("the Settlement Sum"). The Settlement Sum is made subject to Section 227 of the Companies Act, 2016 in Malaysia on an ex-gratia basis and constitutes a full discharge of all and any claims, obligations and liabilities that the former director may have against the Company save and except the parties' respective rights to claim, counterclaim and indemnity in the suit in Kuala Lumpur High Court against the Company.

Subsequently, on 17 January 2018, the Company announced that the former director has mutually agreed to extend the period up to 14 March 2018 for the Company to fulfill the Condition Precedents as prescribed in the Deed of Settlement.

On 8 June 2018, the Company has made the settlement sum of RM200,000 ("the Settlement Sum") to Tan Chin Yen upon the approval from the shareholders of the Company at the Extraordinary General Meeting.

34. COMPARATIVE INFORMATION

Certain comparatives were restated to conform to current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2017.

35. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 April 2019.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 37 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2019.

DATO' IR LIM SIANG CHAI

MAK SIEW WEI

KUALA LUMPUR

STATUTORY DECLARATION

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

I, MAK SIEW WEI, being the Director primarily responsible for the financial management of Advance Information Marketing Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 37 to 102 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 17 April 2019)

MAK SIEW WEI

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Advance Information Marketing Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 37 to 102.

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 2018, 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Emphasis of Matter

We draw attention to Note 33(a) of the financial statements, which describes the uncertainty relating to the outcome of the lawsuit filed against the Company by Customer Loyalty Solutions Sdn. Bhd. (In Liquidation). Our opinion is not modified with respect to this matter.

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 current year. We have determined that there are no key audit matters to communicate in our report.

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 the fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD
(CONT'D)

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD
(CONT'D)

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

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 compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 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 purposes. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM GE RU
Approved Number: 03360/03/2020 J
Chartered Accountant

KUALA LUMPUR
17 April 2019

LIST OF PROPERTIES

Summary of Landed Properties
The Summary of the information on properties owned by our Group is as follows:-

Postal Address	Description of Property / Existing Use	Status / Registered Owner	Audited Net Book Value as at 31 December 2018 (RM)	Approximate age of Building (Years) / Date of Acquisition	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Build-up Area (Sq metre)
Ruko Hayam Wuruk Jalan Kebon Jeruk VII No.2 ERt.010 RW 004 Maphar, Tamansari Jakarta Barat	Office Unit	Owned / PT CLS System	1,648,396	2 / 20 December 2017	Freehold	112 / 366
No. 18, Jalan Balam, 51100 Kuala Lumpur	Office Unit	Owned / Angkara Setia Development Sdn Bhd	3,727,831	40 / 30 October 2017	Freehold	312 / 864

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

Total Number of Issued Shares : 266,058,666 (including 24,090,500 treasury shares)
Class of Shares : Ordinary Shares
Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2019

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	288	36.97	12,895	0.01
100 - 1,000	94	12.07	27,155	0.01
1,001 - 10,000	153	19.64	819,288	0.34
10,001 - 100,000	185	23.75	6,927,327	2.86
100,001 - Less than 5% of Issued Shares	56	7.19	157,805,423	65.22
5% and above of Issued Shares	3	0.38	76,376,078	31.56
Total	**779**	**100.00**	**241,968,166**	**100.00**

Remark :
 # Excluding 24,090,500 ordinary shares bought back by the Company and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 29 MARCH 2019
(As per Register of Substantial Shareholders)

No.	Name of Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	CG Assets Pte Ltd	47,378,822	19.58	-	-
2	Ang Huat Keat	-	-	47,378,822*	19.58*
3	Mak Siew Wei	16,000,000	6.61	-	-
4	Ngai Yoon Fatt	-	-	47,378,822*	19.58*

Remark:-
** Deemed interest through his shareholdings in CG Assets Pte Ltd pursuant to Section 8 of the Companies Act, 2016*

DIRECTORS' INTERESTS IN SHARESAS AT 29 MARCH 2019
(As per Register of Directors' Shareholdings)

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Dato' Ir Lim Siang Chai	-	-	-	-
2	Mak Siew Wei	16,000,000	6.61	-	-
3	Ang Huat Keat	-	-	47,378,822*	19.58*
4	Azizullaili Bin Haji Jalaluddin	-	-	-	-
5	Lee Kean Teong	-	-	-	-
6	Roger Chin Chew Choy	-	-	-	-

Remark:-
** Deemed interest through his shareholdings in CG Assets Pte Ltd pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019 (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(According to the Record of Depository as at 29 March 2019)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	CG ASSETS PTE LTD	47,378,822	19.58
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK SIEW WEI	16,000,000	6.61
3	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	12,997,256	5.37
4	TOO SIEW WOON	12,010,800	4.96
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG MUN LEONG (CHE0525C)	12,000,000	4.96
6	CHEONG BEE LEE	12,000,000	4.96
7	DESTINASI SEHATI SDN. BHD.	11,537,600	4.77
8	LEE YEE THIAN	11,073,300	4.58
9	AFFIN HWANG NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	10,998,550	4.55
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK KEONG (6000418)	9,930,000	4.10
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE SECURITIES (EUROPE) LIMITED	9,900,000	4.09
12	LOW KENG YEE	8,701,550	3.60
13	TAN CHIN YEN	8,491,300	3.51
14	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED	5,114,800	2.11
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG WAI FUN (CHE0562C)	5,000,066	2.07
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LI LI (6000361)	4,549,100	1.88
17	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)	4,000,000	1.65
18	JOSEPH YEO	4,000,000	1.65
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PIONG YON WEE (6000652)	2,844,800	1.18
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW LEE CHIN (CEB)	2,383,999	0.99
21	CHUNG SHAN HUI	2,320,000	0.96
22	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEE KOK CHUAN	2,241,000	0.93
23	TAN LAY PENG	2,051,600	0.85
24	KONG KOK KEONG	1,870,000	0.77
25	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG KIA FATT	1,681,000	0.69
26	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR NOMURA PB NOMINEE LTD	1,476,110	0.61
27	TAN LEI ENG	1,300,000	0.54
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG INN LAI	1,041,306	0.43
29	CHONG SHAO VOON	933,333	0.39
30	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WANG KIAN HOO @ ONG KIN YAN	800,000	0.33
	Total	**226,626,292**	**93.66**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of the Company will be held at Crown 1, Level 1, Crystal Crown Hotel Kuala Lumpur, No. 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Tuesday, 11 June 2019 at 10.00 a.m. to transact the following business:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. *(refer to Note A)*

2. To approve the payment of the Directors' fees up to RM240,000 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM24,000 for the period from 12 June 2019 until the conclusion of the next AGM of the Company. *(Ordinary Resolution 1)*

3. To re-elect the following Directors who are retire by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, offer themselves, for re-election:

   i) Mak Siew Wei; *(Ordinary Resolution 2)*
   ii) Lee Kean Teong *(Ordinary Resolution 3)*

4. To re-appoint Messrs UHY as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

As Special Business
To consider and, if thought fit, with or without any modification, to pass the following resolutions: -

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** *(Ordinary Resolution 5)*

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

6. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES** *(Ordinary Resolution 6)*

   THAT subject to the compliance with Section 127 of the Companies Act, 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Statement to Shareholders dated 30 April 2019.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Ace Market Listing Requirements of Bursa Securities and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Ace Market Listing Requirements of Bursa Securities and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

7. To transact any other business for which due notice shall have been given pursuant to the Companies Act, 2016.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (f) (LS0009760)
Company Secretaries

Kuala Lumpur
30 April 2019

Notes:-

A. *This Agenda item is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 and the Company's Constitution provide that the Audited Financial Statements are to be laid in the general meeting. Hence, it is not put forward for voting.*

(i) *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, vote and speak instead of him. A proxy may but need not be a member of the Company.*

(ii) *A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(iii) *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.*

(iv) *Where a member or authorised nominee or an exempt authorised nominee 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.*

(v) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

(vi) *The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting.*

(vii) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 31 May 2019. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.*

(viii) *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of 15th AGM will be put to vote by way of poll.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Special Business:-

ORDINARY RESOLUTION 5
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The proposed Ordinary Resolution 5, if passed, will renew the authority to empower the Director of the Company to issue and allot shares of the Company up to and not exceeding in total 10% of the issued share capital of the Company from time to time and for such purposes as they consider would be in the best interest of the Company ("Renewed Mandate"). The Renewed Mandate will unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last Annual General Meeting held on 8 June 2018 and such general mandate will lapse at the conclusion of the Fifteenth Annual General Meeting of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions.

ORDINARY RESOLUTION 6
PROPOSED RENEWAL SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES

This proposed Ordinary Resolution 6, if passed, will give the Directors of the Company authority to purchase its own shares up to ten percent (10%) of its issued and paid-up share capital. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting. The proposed renewal of authority for the Company to purchase its own shares is set out in the Statement to Shareholders dated 30 April 2019 accompanying the Company's Annual Report 2018.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profiles of the Directors who are standing for re-election and re-appointment at the 15th AGM are set out in the Directors' Profile on pages 5 to 6 of the Annual Report 2018.

No individual seeking for election as a Director other than the Directors are seeking for re-election and retention as a Director at the 15th AGM.

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FORM OF PROXY

CDS Account No.	
No. of Shares Held	

ADVANCE INFORMATION MARKETING BERHAD (644769-D)
(Incorporated in Malaysia)

I/We...
(FULL NAME IN BLOCK LETTERS)

NRIC No/Passport No/Company Registration No..

of...
(FULL ADDRESS)

being a member/member of ADVANCE INFORMATION MARKETING BERHAD, hereby appoint...

....
(FULL NAME AND NRIC NO.)

of...
(FULL ADDRESS)

or failing him/her...
(FULL NAME AND NRIC NO.)

of...
(FULL ADDRESS)

/or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifteenth (15th) Annual General Meeting of the Company to be held at Crown 1, Level 1, Crystal Crown Hotel Kuala Lumpur , No. 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Tuesday, 11 June 2019 at 10.00 a.m. and at any adjournment thereof.

No.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of the Directors' fees up to RM240,000 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM24,000 for the period from 12 June 2019 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Mak Siew Wei as Director.		
Ordinary Resolution 3	To re-elect Lee Kean Teong as Director.		
Ordinary Resolution 4	To re-appoint Messrs. UHY as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
	As Special Business :		
Ordinary Resolution 5	Authority To Allot Shares Pursuant To Sections 75 And 76 Of The Companies Act, 2016		
Ordinary Resolution 6	Proposed Renewal of Share Buy-Back Authority for the Purchase of its own Ordinary Shares.		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Annual General Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

*Strike out whichever is not applicable

Dated this ………… day of ………………………….. 2019

……………………..........……..
Signature of Member/Common Seal

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ……………………………
Percentage : ……………………………...%

Second Proxy
No. of Shares: ……………………………
Percentage : ……………………………%

Notes:-

(i) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, vote and speak instead of him/her. A proxy may but need not be a member of the Company.

(ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iii) 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.

(iv) Where a member or authorised nominee or an exempt authorised nominee 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.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vi) The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting.

(vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 31 May 2019. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

(viii) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of 15th AGM will be put to vote by way of poll.

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Affix Stamp

The Share Registrar Customer Service Centre

ADVANCE INFORMATION MARKETING BERHAD (644769-D)

Unit G-3, Ground Floor,

Vertical Podium, Avenue 3,

Bangsar South, No. 8, Jalan Kerinchi,

59200 Kuala Lumpur

Flod this flap for sealing

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