Advance Information Marketing Berhad

200401006266 (644769-D)

2019
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

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

Mak Siew Wei
(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
(SSM PC No. 201908002253/ MAICSA 7045482)
Thien Lee Mee
(SSM PC No. 201908002254/ LS0009760)

WEBSITE

www.aim-net.com.my

REGISTERED OFFICE

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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

Boardroom.com Sdn. Bhd.
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

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
RHB Bank Berhad

STOCK EXCHANGE LISTING

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

INVESTOR RELATIONS

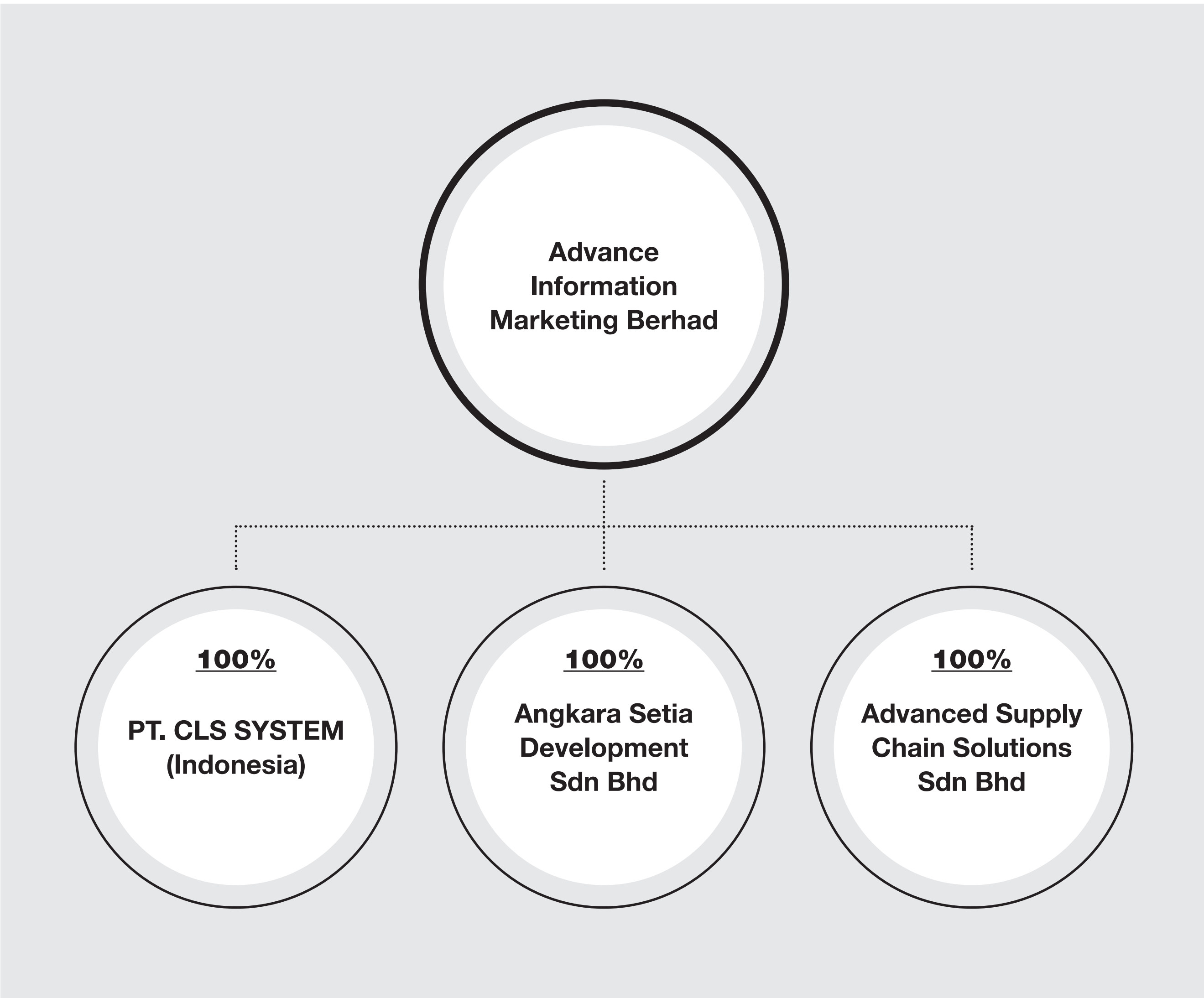
Email : contact@aim-net.com.my
Tel no. : 03-4043 2699

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 five service components namely Business Intelligence, 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.



Five Years Financial Highlights

Year Ended 31 December (RM'000)	2019	2018	2017	2016	2015
Revenue	4,944	9,551	12,457	12,288	21,063
(Loss)/Profit Before Tax	(4,098)	(2,320)	(2,123)	(1,019)	803
(Loss)/Profit Attributable to Shareholders	(4,083)	(2,330)	(2,116)	(1,088)	677
Paid up Capital	28,052	28,052	26,606	26,606	26,606
Shareholders' Equity	19,918	23,872	26,485	28,775	29,474
Total Assets Employed	22,508	25,108	27,151	29,350	30,114
(Loss)/Earnings Per Share (Sen)	(1.69)	(0.96)	(0.87)	(0.45)	0.28
Net Assets Per Share (RM)	0.082	0.099	0.110	0.119	0.122

Directors' Profile

Dato' Ir. Lim Siang Chai
65 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 the 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 Organisation 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.

Mak Siew Wei
45 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.

Mr Mak currently sits on the board of AT Systematization Berhad.

Ang Huat Keat
61 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.

Directors' Profile (Cont'd)

Azizullaili Bin Haji Jalaluddin
46 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 more than 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 a trustee for The Tun Suffian Foundation 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
62 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 currently sits on the boards of Oriental Holdings 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

Yeoh Siok Chen
59 years of age, Malaysian, Male
Chief Executive Officer

Mr Yeoh was appointed as Chief Executive Officer of the Group on 1 March 2020.

Mr Yeoh holds Bachelor Degree in Arts (Economics) from University Malaya and he is a member of Malaysian Institute of Accountant (MIA). He has a career spanning over more than 30 years with diversified range of experiences spanning from consultancy, infrastructure, transportation, oil & gas, forest plantation, manufacturing, innovative technologies and mixed property development.

Verina
40 years of age, Indonesian, Female
General Manager of PT CLS System

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

Verina holds Bachelor Degree in Marketing Management from University Tarumanagara Jakarta. She has work experience for 18 years and has been working in PT CLS System for 12 years. She began her career in 2002 as Marketing Product Development for Retail Consumer Products then develops 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.

Anthonious
44 years of age, 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 19 years in IT field and has been working at Advance Information Marketing Berhad (AIM) for 17 years. He began his career as programmer in one of credit card terminal provider at Jakarta and then recruited by one of AIM's subsidiary to work as system specialist which provides services in system infrastructure, system analyst and system optimization.

Note:
None of the Key Senior Management Members have any family relationship with any director and/or substantial shareholders of the Company.
None of the Key Senior Management Members have any conflict of interest with the Company.
None of the Key Senior Management Members have been convicted of any offences within the past five (5) years other than traffic offences.
None of the Key Senior Management Member have directorship in public companies and other listed issuer.

Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW

For the year under review, the Group continued its existing core businesses of providing customer loyalty programmes.

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.

Indonesia's operation continues to expand its services and offering to our client and exploring more robust e-platform for future developments and our e-commerce platform was launched in the second quarter of the year under review. The version 2 of the platform is to cater for more flexibility.

Malaysia's operation is focusing on upgrading our capability and enhancing our call centre business as well as going into mobile application sphere.

The Group's revenue has been declining throughout the year which was mainly due to continuous challenging and increasingly competitive environment to retain existing clients and secure new clients. Furthermore, the currency risk and high operating expenses remains a challenge for the Group.

As for business volume, the Indonesia's operation 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 2019, the Group recorded total revenue of RM4.944 million. The revenue for the year under review decreased by 48% as compared to last year's revenue of RM9.551 million. This was mainly due to the reduction of customers and cessation of projects in both Malaysia and Indonesia for the Managed Customer Loyalty Services ("MCLS") which recorded revenue of RM4.94 million for the year under review, which has decreased by 46.3% as compared to last year's recorded revenue of RM 9.20 million.

The Group has recorded a loss before tax of RM4.10 million, which has increased by 76.72% as compared to previous year's loss before tax of RM2.32 million.

Higher operating expenses has been incurred for the MCLS business such as expenses in recruitment of manpower to develop new products in order to increase the Group's competitiveness in obtaining more business and to increase brand awareness has lead to continuous higher before tax losses.

Furthermore, one of the reasons for the significant increase in loss before tax of the Group as compared to previous year also due to our Indonesia's subsidiary company disposed of its vacated buildings in the last quarter of 2018 and resulted in a one-off gain on disposal of property, plant and equipment which amounted to RM1.38 million and has decreased the loss before tax of the Group for the financial year ended 31 December 2018.

MOVING FORWARD

The Group's operations continue to be the main focus to upgrade its capabilities in the provision of improved services and products to our existing and new clients of our core business.

Our Indonesia's operation shall continue to strengthen its customer loyalty business and venture into new digital mobile and e-commerce applications. In Indonesia, we have successfully launched our Gold Campaign for one of the top cement manufacturer for the second time. Our digital space has also expanded into e-voucher resulting in new corporate accounts were brought in.

The Covid-19 pandemic has re-aligned business opportunities, mainly from traditional businesses into the sphere of digitalization. Among the greatest beneficiary sectors shall be e-commerce and information and communications technology (ICT), which the Group shall continue to exploit.

Demand for e-business applications may increase and we intend to capitalize on the need to digitalize the business operations utilizing the existing resources of the Group with greater efficiency. The Group shall proceed to build on its strength whilst still actively looking into new and viable businesses that shall complement the Group's business focus.

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 recycling 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 donated to cultural event in support of social care to the community.

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

This Statement was approved by the Board of Directors on 22 May 2020.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Advance Information Marketing Berhad ("AIM" or "the Company") is committed to uphold the high standards of corporate governance through the Company and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into consideration the interest of other stakeholders.

This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise, during the financial year ended 31 December 2019 ("FYE 2019").

The details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report ("CG Report"), which is available together with this Report in Bursa Malaysia Securities Berhad ("Bursa Securities") 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 develope corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware of and shall responsible for achieving it.

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 are clearly defined in the Board Charter. 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 four (4) 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.

The following are matters reserved for Board 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.

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 Strategic Aims, Values and Standards (Cont'd)

1.1.1 Clear Roles and Responsibilities (Cont'd)

The Executive Director is responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. He is 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 and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Director is 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's inputs for the strategic planning and risk study. All the Board Committees have their own terms of reference, and they act on behalf of the Board within the authority as laid out in the terms of reference. The Board Committees report to the Board with the necessary recommendation thereafter.

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.

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.

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

Part I – Board Responsibilities (Cont'd)

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

1.3 Chairman and Chief Executive Officer

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

The management, including the Executive Director and Chief Executive Officer 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 for 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 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 brief 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 are 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 Whistleblowing Policy and Procedures

The Board always encourages employees and stakeholders to report any grievances and raise concerns about misconduct, wrongdoings, malpractices involving the Company. The Board is always mindful of the importance of having formal whistleblowing policies as a way to create the conditions necessary for the effective management of whistleblowing. As of the date of this Statement, the Board is in the midst of finalising the Whistleblowing Policy and Procedures to be incorporated with Anti-Bribery and Corruption Manual which governs the prevention of corruption and unethical practices within the Group.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (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.

As of the date of this Statement, the Board currently has five (5) members comprising of one (1) Executive Director, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

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 who are 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 provides that one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), 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 Directors

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, 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 his/her independent judgment at all times and contribution to the effective functioning of the Board.

Corporate Governance Overview Statement (Cont'd)

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

Part II – Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.3 Policy of Independent Directors (Cont'd)

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 FYE 2019, 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 ACE Market Listing Requirements ("AMLR") of Bursa Securities.

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 recognizes 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 the 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.

Corporate Governance Overview Statement (Cont'd)

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

Part II – Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.4 Diverse Board and Senior Management Team (Cont'd)

4.4.2 Criteria for Recruitment (Cont'd)

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 recognizes 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 female candidates onto the Board in due course to bring about a more diverse perspective.

4.6 New Candidates for Board Appointment

In determining the process for the identification of suitable new candidates, the Nomination Committee does not solely rely on recommendations from existing board members, management or major shareholders. The Board 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.

4.7 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 consist of not less than two (2) members, of which majority of members present must be Independent Non-Executive Directors.

Corporate Governance Overview Statement (Cont'd)

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

Part II – Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.7 Nomination Committee (Cont'd)

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) to 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) to 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 Committee during the FYE 2019 included the following :

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

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

iii) Reviewed and assessed the performance of the Audit Committee and individual AC member for FYE 2019 pursuant to Rule 15.20 of AMLR of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (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 on the Directors.

Based on the assessment conducted for FYE 2019, the Board and the Nomination Committee are 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 the Director will spend 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 AMLR.

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.

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

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual evaluation (Cont'd)

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

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.	Mak Siew Wei	3/6
3.	Roger Chin Chew Choy (resigned on 5 March 2020)	6/6
4.	Ang Huat Keat	6/6
5.	Azizullaili Bin Haji Jalaluddin	6/6
6.	Lee Kean Teong	6/6

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 Director and ensured that all the Directors will undergo the necessary training programme to enable them to effectively discharge their duties.

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

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual evaluation (Cont'd)

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

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

Director	Seminars / Conferences / Training Programmes Attended
Dato' Ir. Lim Siang Chai	Dealing in Listed Securities, Closed Period & Insider Trading
Mak Siew Wei	Shared Prosperity Vision 2030 and Budget 2020 Review
Azizullaili Bin Haji Jalaluddin	Demystifying the Diversity Conundrum : The Road to Business Excellence
Lee Kean Teong	The Malaysian Code on Corporate Governance, Corporate Liability Provision – Anti-Corruption Commission Amendment Act 2018, MFRS 16-Leases, MFRS Updates 2019/2020, Preparation for Corporate Liability on Corruption, KPMG Tax Summit 2019

Save as disclosed above, Ang Huat Keat was not able to select any suitable training programmes to attend during the FYE 2019 due to overseas travelling and his busy work schedule. However, he has constantly been updated with the relevant reading material and technical updates, which will enhance his knowledge and equip him with the 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 Code, 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)*

Corporate Governance Overview Statement (Cont'd)

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

Part III – Remuneration (Cont'd)

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

6.2 Remuneration Committee (Cont'd)

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 consist of not less than 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 and Principal Officers that are 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.

The summary of activities undertaken by the Remuneration Committee during the FYE 2019 included the following:

(a) Reviewed and recommended the payment of Directors' fees and other benefits to Non-Executive Directors;
(b) Reviewed the remuneration package of the Executive Directors of the Company;
(c) Reviewed the revision of the Directors' fees and meeting allowance for the Independent Non-Executive Directors and Non-Independent Non-Executive Directors of the Company; and
(d) Proposed payment of bonus to the Executive Director.

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

Part III - Remuneration

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration and Senior Management

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

Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Allowance (RM)	Statutory contribution (RM)	Total (RM)
Dato' Ir. Lim Siang Chai	54,000	-	-	6,000	-	60,000
Mak Siew Wei	-	78,000	-	-	10,347	88,347
Roger Chin Chew Choy *(resigned w.e.f. 5 March 2020)*	-	232,378	30,000	8,000	26,124	296,502
Ang Huat Keat	48,000	195,280	-	15,000	-	258,280
Azizullaili Bin Haji Jalaluddin	48,000	-	-	7,000	-	55,000
Lee Kean Teong	60,000	-	-	7,000	-	67,000

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 respond 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 Director 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 FYE 2019.

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 AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2020.

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 reports functionally to the Audit Committee and has unrestricted access to the Audit Committee. Its function is independent of the activities or operations of other operating units. Internal Auditors periodically evaluates the effectiveness of the risk management process, reviews 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 are pertinent points raised by any of the Board members.

The information on the Group's internal control is further elaborated in page 29 to 31 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 shareholder 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 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 shareholder interests.

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 AMLR 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 FYE 2019 are prepared in accordance with the Malaysian Financial Reporting Standards, AMLR 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 AMLR on its responsibilities in preparing the financial statements is set out in page 26 of this Annual Report.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Part II – Conduct of General Meetings

12. Encourage Shareholder 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 Chief Executive Officer 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 AMLR; and
iv) Annual General Meetings.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that the Company has fulfilled its obligation under MCCG, AMLR and all applicable laws and regulations throughout the FYE 2019.

This Corporate Governance Overview Statement was approved by the Board of Directors on 22 May 2020.

Statement of Directors' Responsibility in Relation to the Audited Financial Statements

Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standard in Malaysia.

The Directors are responsible to ensure that the financial statements is given a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have observed the following criteria:

- overseeing the overall conduct of the company's business and that of the group;
- identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- reviewing the adequacy and integrity of internal controls system and management information system in the company and within the group;
- adopting suitable accounting policies and apply them consistently;
- making judgments and estimates that are reasonable and prudent; and
- ensuring that the financial statements were prepared on a going concern basis and in compliance with all applicable approved accounting standard in Malaysia subject to any material departures, if any, were disclosed.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2019, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimize fraud and other irregularities.

This Statement was approved by the Board of Directors on 22 May 2020.

Audit Committee Report

The Audit Committee ("AC") of AIM is pleased to present the AC Report for the financial year ended 31 December 2019.

COMPOSITION

The AC presently comprises the following members:

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

During the financial year under review, the AC held five (5) meetings. Details of the attendance of committee members are as follows:

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

* *Member of Malaysian Institute of Accountants*

Other Board members, Financial Controller and representatives of the External Auditors and Internal Auditors were present by Invitation to brief the AC on specific issues, as and when necessary, with the Company Secretaries in attendance.

TERMS OF REFERENCE

The Terms of Reference of the AC is available at the Company's website at http://www.aim-net.com.my.

SUMMARY ACTIVITIES OF THE AC

The activities of the AC during the financial year ended 31 December 2019 include the following:

a) Reviewed the quarterly unaudited financial results 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 financial year ended 31 December 2019;

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 and independence of the external auditors for the financial year ended 31 December 2019 covering areas such as calibre, quality processes, audit team, audit scope, audit communication and audit governance, and make recommendation to the Board on their re-appointment and remuneration to the Board for ensuing year;

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;

Audit Committee Report (Cont'd)

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;

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 AMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

l) Reviewed the AC 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 internal audit function assists the AC 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.

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 29 to 31 in this Annual Report.

The AC Report was presented and approved by the Board of Directors on 22 May 2020.

Statement on Risk Management and Internal Control

INTRODUCTION

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 which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2019, pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Securities and as guided by the Statement of Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

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.

The Board recognizes 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.

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.

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 Director, Chief Executive Officer ("CEO") 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 Director and CEO 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 Director and CEO 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

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

- 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.

INTERNAL AUDIT FUNCTIONS

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee ("AC") and assists the AC 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 utilising 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 AC.

The AC approves the internal audit plan during the first AC meeting each year. The AC 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.

During the financial year under review, the internal auditors, in discharging their responsibilities, carried out the following activities:

To evaluate the adequacy and effectiveness of management control procedures as well as its compliance to the Standard Operating Procedures ("SOP") in Sales, Account Receivables ("AR"), Procurement & Logistics and Employee Claims in the major subsidiary of the Group, the following work has been carried out:

i) Accessed control procedures in ensuring the accuracy, completeness and timeliness of billing;
ii) Reviewed the pre and post sales credit control and status of AR ageing and effectiveness of management collection actions;
iii) Reviewed the compliance of purchase authority limit for, and the control procedures for the process flow on requisition, quotation and price comparison as well as issuance of Purchase Order;
iv) Evaluated on management monitoring procedures for ensuring completeness, accuracy and timeliness of delivery; and
v) Reviewed the compliance of claim limits, supporting documents and accuracy and approval of employee claims.

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

The cost incurred for the Internal Audit function in respect of the financial year ended 31 December 2019 is approximately RM20,000 (FY2018: RM28,000).

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 Director and CEO 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.

CONCLUSION

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.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND 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.

This Statement was presented and approved by the Board of Directors on 22 May 2020.

Additional Compliance Information

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

The amounts of audit and non-audit fees paid/payable to Messrs. UHY by the Company and by the Group respectively for the financial year ended 31 December 2019 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	RM50,000.00	RM87,516.00
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	RM5,000.00	RM5,000.00

2. **REVALUATION POLICY**

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

3. **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.

4. **UTILISATION OF PROCEEDS**

There was no proceed raised by the Company from any corporate proposal during the financial year ended 31 December 2019.

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 2019.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

Financial Results

	Group RM	Company RM
Loss for the financial year, attributable to owners of the parent	4,083,248	2,287,793

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 2019, 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 18 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

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 (resigned on 5.3.2020)

* *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 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
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 32 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 32 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 RM13,790 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.

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 8 to the financial statements.

Auditors

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

The details of auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 May 2020.

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

KUALA LUMPUR

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 42 to 121 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 2019 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 22 May 2020.

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 42 to 121 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 22 May 2020.)

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 2019 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 42 to 121.

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 2019, 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 the IESBA Code.

Emphasis of Matter

We draw attention to Note 36 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 Group and of the Company for the current financial 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 the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- 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 8 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other 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: 03360/03/2022 J
Chartered Accountant

KUALA LUMPUR
22 May 2020

Statements of Financial Position

As at 31 December 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	6,395,638	2,151,509	76,483	186,633
Right-of-use assets	5	189,006	-	76,510	-
Investment property	6	-	3,727,831	-	-
Intangible assets	7	6,806	9,219	-	-
Investments in subsidiary companies	8	-	-	871,611	1,141,348
Other investments	9	5,621,804	6,031,044	5,621,804	6,031,044
Deferred tax assets	10	41,993	34,650	-	-
		12,255,247	11,954,253	6,646,408	7,359,025
Current assets					
Inventories	11	1,088,248	328,274	-	-
Trade receivables	12	853,065	1,950,965	-	-
Other receivables	13	356,142	204,961	9,570	9,400
Amount due from subsidiary companies	14	-	-	1,573,716	2,749,065
Deposits, bank and cash balances	15	7,955,311	10,669,949	5,533,011	6,413,248
		10,252,766	13,154,149	7,116,297	9,171,713
Total assets		22,508,013	25,108,402	13,762,705	16,530,738

Statements of Financial Position

As at 31 December 2019 (Cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
EQUITY					
Share capital	16	28,051,999	28,051,999	28,051,999	28,051,999
Reserves	17	(4,075,779)	(122,200)	(10,387,571)	(7,690,538)
Treasury shares	18	(4,057,844)	(4,057,844)	(4,057,844)	(4,057,844)
Total equity		19,918,376	23,871,955	13,606,584	16,303,617
LIABILITIES					
Non-current liabilities					
Loans and borrowing	19	1,525,132	35,511	-	-
Lease liabilities	20	81,973	-	46,235	-
Employee benefits	21	224,765	192,884	-	-
		1,831,870	228,395	46,235	-
Current liabilities					
Loans and borrowing	19	63,832	15,996	-	-
Lease liabilities	20	61,474	-	31,134	-
Trade payables	22	171,767	425,841	-	-
Other payables	23	456,812	444,748	78,752	67,927
Amount due to a subsidiary company	14	-	-	-	159,194
Provision for taxation		3,882	121,467	-	-
		757,767	1,008,052	109,886	227,121
Total liabilities		2,589,637	1,236,447	156,121	227,121
Total equity and liabilities		22,508,013	25,108,402	13,762,705	16,530,738

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 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	24	4,943,846	9,551,173	-	40,000
Cost of sales		(4,502,427)	(8,082,297)	-	-
Gross profit		441,419	1,468,876	-	40,000
Other income		527,626	1,588,858	792,807	165,399
Net (gain)/loss on impairment of financial instruments		11,590	-	(711,286)	2,172,506
Administrative expenses		(4,871,543)	(4,919,588)	(2,367,323)	(4,794,944)
Distribution costs		(149,773)	(456,186)	-	-
Other expenses		(3,062)	(1,653)	-	-
Loss from operations		(4,043,743)	(2,319,693)	(2,285,802)	(2,417,039)
Finance costs	25	(53,866)	-	(1,991)	-
Loss before tax	26	(4,097,609)	(2,319,693)	(2,287,793)	(2,417,039)
Taxation	27	14,361	(10,637)	-	(6,637)
Loss for the financial year		(4,083,248)	(2,330,330)	(2,287,793)	(2,423,676)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	21	30,441	(27,541)	-	-
Income tax relating to gain on remeasurement of defined benefit liability	27	(7,610)	(6,885)	-	-
		22,831	(34,426)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Equity instruments measured at fair value through other comprehensive income		(409,240)	601,311	(409,240)	601,311
Exchange translation differences for foreign operations		465,277	(909,267)	-	-
		56,037	(307,956)	(409,240)	601,311
Other comprehensive income/(loss) for the financial year		78,868	(342,382)	(409,240)	601,311
Total comprehensive loss for the financial year		(4,004,380)	(2,672,712)	(2,697,033)	(1,822,365)
Loss per share (sen)					
Basic loss per share	28	(1.69)	(0.96)		
Diluted loss per share	28	(1.69)	(0.96)		

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

Statements of Changes in Equity
For the Financial Year Ended 31 December 2019

	Attributable to owners of the parent					
	Non-distributable				Distributable	
Group	Share capital RM	Treasury shares RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 January 2019	28,051,999	(4,057,844)	1,024,492	(1,107,371)	(39,321)	23,871,955
Loss for the financial year	-	-	-	-	(4,083,248)	(4,083,248)
Other comprehensive income for the financial year	-	-	(409,240)	465,277	22,831	78,868
Total comprehensive loss for the financial year	-	-	(409,240)	465,277	(4,060,417)	(4,004,380)
Transactions with owners:						
Disposal of a subsidiary company	-	-	-	-	50,801	50,801
At 31 December 2019	28,051,999	(4,057,844)	615,252	(642,094)	(4,048,937)	19,918,376

Statements of Changes in Equity
For the Financial Year Ended 31 December 2019 (Cont'd)

		Attributable to owners of the parent						
		Non-distributable				Distributable		
Group	**Note**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Fair value 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		-	-	-	-	-	60,058	60,058
Transfer in accordance with Section 618(2) of the Companies Act 2016	16, 17	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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2019 (Cont'd)

	Attributable to owners of the parent				
	Non-distributable			Distributable	
Company	**Share capital RM**	**Treasury shares RM**	**Fair value reserve RM**	**Accumulated losses RM**	**Total equity RM**
At 1 January 2019	28,051,999	(4,057,844)	1,024,492	(8,715,030)	16,303,617
Loss for the financial year	-	-	-	(2,287,793)	(2,287,793)
Other comprehensive loss for the financial year	-	-	(409,240)	-	(409,240)
Total comprehensive loss for the financial year	-	-	(409,240)	(2,287,793)	(2,697,033)
At 31 December 2019	28,051,999	(4,057,844)	615,252	(11,002,823)	13,606,584

Statements of Changes in Equity
For the Financial Year Ended 31 December 2019 (Cont'd)

		Attributable to owners of the parent					
		Non-distributable				Distributable	
Company	Note	Share capital RM	Share premium RM	Treasury shares RM	Fair value reserve RM	Accumulated losses 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	16,17	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

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

Statements of Cash Flows
For the Financial Year Ended 31 December 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities				
Loss before tax	(4,097,609)	(2,319,693)	(2,287,793)	(2,417,039)
Adjustments for:				
Amortisation of intangible assets	2,637	455	-	-
Defined benefit obligations	58,621	49,710	-	-
Depreciation of:				
- property, plant and equipment	392,348	293,891	110,150	110,003
- right-of-use assets	40,921	-	18,468	-
- investment property	-	16,000	-	-
(Gain)/loss on disposal of:				
- property, plant and equipment	-	(1,376,594)	-	-
- investments in subsidiary company	(3,647)	-	154,167	-
Inventories written off	159,143	59,577	-	-
Impairment losses on:				
- amount due from subsidiary companies	-	-	1,387,197	1,093,120
- investments in subsidiary companies	-	-	460,067	2,739,933
Property, plant and equipment written off	6,659	287,952	-	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(675,911)	(3,265,626)
- trade receivables	(11,590)	-	-	-
Finance costs	53,866	-	1,991	-
Finance income	(437,649)	(342,180)	(181,627)	(165,399)
Unrealised loss/(gain) on foreign exchange	6	31	(450,407)	151,880
Waiver of amount due to a subsidiary company	-	-	(159,630)	-
Operating loss before working capital changes	(3,836,294)	(3,330,851)	(1,623,328)	(1,753,128)
Change in working capital:				
Inventories	(915,006)	289,673	-	-
Receivables	1,003,289	3,447,856	(170)	3,090,700
Payables	(254,895)	366,550	10,825	(209,500)
Cash (used in)/generated from operations	(4,002,906)	773,228	(1,612,673)	1,128,072
Employee benefits paid	(1,175)	(44,343)	-	-
Interest received	437,649	342,180	181,627	165,399
Interest paid	(53,866)	-	(1,991)	-
Tax refund	14,500	203,841	-	-
Tax paid	(135,302)	-	-	-
Net cash (used in)/from operating activities	(3,741,100)	1,274,906	(1,433,037)	1,293,471

Statements of Cash Flows

For the Financial Year Ended 31 December 2019 (Cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from investing activities					
Acquisition of:					
- intangible assets	7(a)	-	(7,762)	-	-
- investment property		-	(546,498)	-	-
- property, plant and equipment	4(b)	(964,984)	(338,349)	-	(800)
Investments in quoted shares		-	(2,608,461)	-	(2,608,461)
(Withdrawal)/Placement of fixed deposits		826,977	(2,849,826)	(2,830,623)	(2,231,826)
Net cash inflows arising from disposal of subsidiary company	8(b)	2,128	-	-	-
Proceeds from disposal of:					
- property, plant and equipment		-	1,625,760	-	-
- subsidiary company	8(b)	-	-	4,213	-
Net cash used in investing activities		(135,879)	(4,725,136)	(2,826,410)	(4,841,087)
Cash flows from financing activities					
Drawndown of term loan		1,600,000	-	-	-
Advances from/(repayment to) subsidiary companies		-	-	566,196	(450,229)
Repayment of:					
- term loan		(11,036)	-	-	-
- lease liabilities		(44,073)	-	(17,609)	-
- finance lease liabilities		-	(6,482)	-	-
Net cash from/(used in) financing activities		1,544,891	(6,482)	548,587	(450,229)
Net decrease in cash and cash equivalents		(2,332,088)	(3,456,712)	(3,710,860)	(3,997,845)
Cash and cash equivalents at the beginning of the financial year		4,780,523	9,009,345	4,181,422	8,179,267
Effect of exchange translation differences on cash and cash equivalents		444,427	(772,110)	-	-
Cash and cash equivalents at the end of the financial year		2,892,862	4,780,523	470,562	4,181,422
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	15	1,293,837	683,811	169,537	84,710
Deposits with licensed banks	15	6,661,474	9,986,138	5,363,474	6,328,538
		7,955,311	10,669,949	5,533,011	6,413,248
Less: Deposits not for short-term funding requirements	15	(5,062,449)	(5,889,426)	(5,062,449)	(2,231,826)
		2,892,862	4,780,523	470,562	4,181,422

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

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 No. 18, Jalan Balam, 51100 Kuala Lumpur.

The registered office of the Company is located at 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 8 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.

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 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRSs 2015 - 2017 Cycle:
- Amendments to MFRS 3
- Amendments to MFRS 11
- Amendments to MFRS 112
- Amendments to MFRS 123

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:

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

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives and IC Interpretation* 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 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 ("ROU") 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 ROU 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 statements of cash flows.

The ROU 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.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 *Leases* (Cont'd)

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of financial position

Group	As at 31.12.2018 RM	MFRS 16 adjustments RM	As at 1.1.2019 RM
Non-current assets			
Property, plant and equipment	2,151,509	(92,989)	2,058,520
Right-of-use assets	-	92,989	92,989
	2,151,509	-	2,151,509
Non-current liabilities			
Finance lease liabilities	35,511	(35,511)	-
Lease liabilities	-	35,511	35,511
	35,511	-	35,511
Current liabilities			
Finance lease liabilities	15,996	(15,996)	-
Lease liabilities	-	15,996	15,996
	15,996	-	15,996

There is no impact to the Group's and the Company's retained earnings as at 1 January 2019.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
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 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

The initial application of the above-mentioned MFRSs and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(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

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Classification between investment property and property, plant and equipment</u>

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

Classification between investment property and property, plant and equipment (Cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of warehouse with cancellable period included as part of the lease term as these are reasonably certain to include extension options in new leases to provide operational flexibility. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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:

Useful lives of property, plant and equipment, investment properties and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties and ROU assets 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. investment properties and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties and ROU assets. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 6 respectively.

Notes to the Financial Statements
31 December 2019 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 8.

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 10.

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 11.

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 judgement 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.

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables and amount due from subsidiary 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 12, 13 and 14 respectively.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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 21.

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.

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.

Notes to the Financial Statements
31 December 2019 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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.

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 Instruments 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.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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 (i.e. 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.

(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.

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

(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.

(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.

3. Significant Accounting Policies (Cont'd)

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

(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. Freehold land is not depreciated.

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.

(d) Leases

Policy applicable after 1 January 2019

(i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. 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.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Warehouse	33.33%
Photocopy machine	25%
Motor vehicle	12.5%

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

Policy applicable after 1 January 2019 (Cont'd)

(i) As lessee (Cont'd)

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

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

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

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

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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.

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

Policy applicable before 1 January 2019

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.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating lease and 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 the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Notes to the Financial Statements
31 December 2019 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(e) Investment properties (Cont'd)

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% (2018: 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.

Transfers are made to from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(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

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 fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition, and the categories include trade and other receivables, other investments measured at fair value through other comprehensive income, amount due from subsidiary companies and deposits, bank and cash balances.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

(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

Debt instruments

A debt security is measured at fair value through other comprehensive income ("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.

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.

The Group and the Company have not designated any financial assets as FVTPL.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

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 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.

(h) Financial liabilities

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.

(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 comprise cost of purchase and other costs incurred in bringing it to their present location and condition 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, bank overdrafts 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.

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

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 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 and the economic environment.

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 is 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.

3. Significant Accounting Policies (Cont'd)

(o) Employee benefits (Cont'd)

(i) Short-term employee benefits (Cont'd)

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.

(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 the 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 service 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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(p) Revenue recognition (Cont'd)

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

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.

(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, until such time as the assets are substantially ready for their intended use or sale. 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.

3. Significant Accounting Policies (Cont'd)

(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 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.

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.

Notes to the Financial Statements
31 December 2019 (Cont'd)

4. Property, Plant and Equipment

Group 2019	Freehold Land RM	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 2019	-	1,789,821	21,900	1,681,501	412,420	437,555	600,000	4,943,197
Effect of adopting MFRS 16	-	-	-	-	-	(94,968)	-	(94,968)
At 1 Janury 2019, as restated	-	1,789,821	21,900	1,681,501	412,420	342,587	600,000	4,848,229
Additions	-	112,000	3,500	2,445	61,529	-	785,510	964,984
Written off	-	-	-	(414,927)	(45,063)	-	-	(459,990)
Transfer from investment property	2,400,000	917,000	-	-	-	-	429,498	3,746,498
Foreign currency translation differences	-	42,000	-	-	8,067	195	-	50,262
At 31 December 2019	2,400,000	2,860,821	25,400	1,269,019	436,953	342,782	1,815,008	9,149,983
Accumulated depreciation								
At 1 January 2019	-	151,715	10,689	1,652,847	231,213	257,216	488,008	2,791,688
Effect of adopting MFRS 16	-	-	-	-	-	(1,979)	-	(1,979)
At 1 January 2019, as restated	-	151,715	10,689	1,652,847	231,213	255,237	488,008	2,789,709
Charge for the financial year	-	110,252	2,511	11,773	71,263	51,660	144,889	392,348
Written off	-	-	-	(414,927)	(38,404)	-	-	(453,331)
Transfer from investment property	-	18,667	-	-	-	-	-	18,667
Foreign currency translation differences	-	2,551	-	-	4,204	187	10	6,952
At 31 December 2019	-	283,185	13,200	1,249,693	268,276	307,084	632,907	2,754,345
Carrying amount								
At 31 December 2019	2,400,000	2,577,636	12,200	19,326	168,677	35,698	1,182,101	6,395,638

4. Property, Plant and Equipment (Cont'd)

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

Notes to the Financial Statements
31 December 2019 (Cont'd)

4. Property, Plant and Equipment (Cont'd)

Company 2019	Computer system RM	Office equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost					
At 1 January 2019	1,616,937	12,889	249,950	600,000	2,479,776
Written off	(414,927)	-	-	-	(414,927)
At 31 December 2019	1,202,010	12,889	249,950	600,000	2,064,849
Accumulated depreciation					
At 1 January 2019	1,616,937	12,102	179,103	485,001	2,293,143
Charge for the financial year	-	160	49,990	60,000	110,150
Written off	(414,927)	-	-	-	(414,927)
At 31 December 2019	1,202,010	12,262	229,093	545,001	1,988,366
Carrying amount					
At 31 December 2019	-	627	20,857	54,999	76,483

Notes to the Financial Statements

31 December 2019 (Cont'd)

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 2019 (Cont'd)

4. Property, Plant and Equipment (Cont'd)

(a) Assets held under finance leases

As at 31 December 2018, the net carrying amount of leased motor vehicle of the Group was RM92,989.

Following the adoption of MFRS 16 on 1 January 2019, the Group had reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5.

(b) Acquisition of property, plant and equipment

The aggregate additional costs 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	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Aggregate costs	964,984	463,652	-	800
Less: Finance lease financing	-	(57,989)	-	-
Less: Foreign currency translation differences	-	(67,314)	-	-
Cash payments	964,984	338,349	-	800

(c) Assets pledged as securities to licensed banks

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 19 to the financial statements are:

	Group	
	2019 RM	**2018 RM**
Freehold land	2,400,000	-
Freehold building	987,965	-
	3,387,965	-

5. Right-of-use Assets

Group 2019	Warehouse RM	Photocopy machine RM	Motor vehicle RM	Total RM
At cost				
At 1 January 2019				
- Effect of adopting MFRS 16	-	-	94,968	94,968
Additions	94,978	39,783	-	134,761
Foreign currency translation differences	-	-	2,308	2,308
At 31 December 2019	94,978	39,783	97,276	232,037
Accumulated depreciation				
At 1 January 2019				
- Effect of adopting MFRS 16	-	-	1,979	1,979
Charge for the financial year	18,468	10,378	12,075	40,921
Foreign currency translation differences	-	-	131	131
At 31 December 2019	18,468	10,378	14,185	43,031
Carrying amount				
At 31 December	76,510	29,405	83,091	189,006

Company	Warehouse 2019 RM
At cost	
Additions/At 31 December	94,978
Accumulated depreciation	
Charged for the financial year/At 31 December	18,468
Carrying amount	
At 31 December	76,510

Included in the above, motor vehicle with a carrying amount of RM83,091 of the Group are pledged as securities for the related lease liabilities.

Notes to the Financial Statements

31 December 2019 (Cont'd)

6. Investment Property

	Group 2019 RM	Group 2018 RM
At cost		
At 1 January	3,746,498	3,200,000
Additions	-	546,498
Transfer to property, plant and equipment	(3,746,498)	-
At 31 December	-	3,746,498
Accumulated depreciation		
At 1 January	18,667	2,667
Charge for the financial year	-	16,000
Transfer to property, plant and equipment	(18,667)	-
At 31 December	-	18,667
Carrying amount		
At 31 December	-	3,727,831
Included in the above are:		
At cost		
Freehold land	-	2,400,000
Building	-	800,000
Building under construction	-	546,498
	-	3,746,498
Fair value of investment property	-	3,878,000

During the financial year, a property has been transferred from investment property to property, plant and equipment, since the freehold land and building was used by the Group.

6. 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 represents 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.

7. Intangible Assets

	Group	
Computer software acquired	**2019 RM**	**2018 RM**
Cost		
At 1 January	12,750	5,002
Additions	-	7,834
Foreign currency translation differences	250	(86)
At 31 December	13,000	12,750
Accumulated amortisation		
At 1 January	3,531	3,090
Amortisation for the financial year	2,637	455
Foreign currency translation differences	26	(14)
At 31 December	6,194	3,531
Carrying amount		
At 31 December	6,806	9,219

7. Intangible Assets (Cont'd)

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 (2018: 4 years).

(a) Acquisition of intangible assets

	Group	
	2019 RM	**2018 RM**
Aggregate costs	-	7,834
Less: Foreign currency translation differences	-	(72)
	-	7,762

8. Investments in Subsidiary Companies

	Company	
	2019 RM	**2018 RM**
In Malaysia:		
At cost		
Unquoted shares	3,888,422	3,888,422
Less: Accumulated impairment losses	(3,888,421)	(3,428,354)
	1	460,068
Outside Malaysia:		
At cost		
Unquoted shares	871,610	681,280
	871,611	1,141,348

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 RMNil. Therefore, an impairment loss amounting to RM460,067 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 2019.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

8. Investments in Subsidiary Companies (Cont'd)

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

	Company	
	2019 RM	2018 RM
At 1 January	3,428,354	3,753,835
Impairment losses recognised	460,067	2,739,933
Strike off of subsidiary company	-	(3,065,414)
At 31 December	3,888,421	3,428,354

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%) 2019	Effective interest (%) 2018	Principal activities
Advanced Supply Chain Solutions Sdn. Bhd.	Malaysia	100	100	Ceased operations
PT CLS System*	Indonesia	100	100	Providing integrated solutions in the management of customer loyalty services
Pride Group Limited	British Virgin Islands	-	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.

* Subsidiary company audited by a member firm of UHY in Indonesia

(a) Additional investments in subsidiary companies

On 24 April 2019, the Company subscribe for new ordinary shares in PT CLS System. ("PTCLS"), a wholly-owned subsidiary company of the Company, at an issue price of RM1.00 each for a total consideration of RM348,710 only by way of capitalisation against the amount due from PTCLS to the Company, thereby increasing the Company's equity interest in PTCLS from 150,000 ordinary shares to 283,000 ordinary shares.

In the previous financial year, 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.

Notes to the Financial Statements
31 December 2019 (Cont'd)

8. Investments in Subsidiary Companies (Cont'd)

(a) Additional investments in subsidiary companies (Cont'd)

In the previous financial year, 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) Disposal of a subsidiary company

On 1 October 2019, the Company disposed of 100% equity interest in Pride Group Limited. The cash consideration of RM4,213 which has resulted a loss of RM154,167. The subsidiary company was previously report as part of the other segment.

The effect of the disposal of a subsidiary company on the financial position of the Group as at the date of disposal was as follows:

	2019 **RM**
Cash and bank balances	2,114
Amount due from holding company	158,082
Total net assets disposed	160,196
Less: Waived of amount due from holding company	(159,630)
Gain on disposal of subsidiary company	3,647
Proceed from disposal of subsidiary company	4,213
Realisation of foreign currency translation reserve	29
Less: Cash and bank balance disposed	(2,114)
Net cash inflows from disposal of subsidiary company	2,128

(c) Strike off of subsidiary company

In the previous financial year, 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.

9. Other Investments

	Group and Company	
	2019 RM	2018 RM
Non-current		
Financial assets measured at fair value through other comprehensive income		
Quoted shares	5,576,804	5,986,044
Golf club membership	45,000	45,000
	5,621,804	6,031,044

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

10. Deferred Tax Assets

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	34,650	41,252	-	-
Recognised in profit or loss	14,361	1,342	-	-
Recognised in other comprehensive income	(7,610)	(6,885)	-	-
Effect of changes in exchange rates	592	(1,059)	-	-
At 31 December	41,993	34,650	-	-

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

	2019 RM	2018 RM
Group		
Deferred tax assets	162,257	54,922
Deferred tax liabilities	(120,264)	(20,272)
	41,993	34,650
Company		
Deferred tax assets	115,387	15,350
Deferred tax liabilities	(115,387)	(15,350)
	-	-

Notes to the Financial Statements

31 December 2019 (Cont'd)

10. Deferred Tax Assets (Cont'd)

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

Group	Unabsorbed capital allowances RM	Others RM	Total RM
Deferred tax assets			
2019			
At 1 January 2019	20,272	34,650	54,922
Recognised in profit or loss	99,858	14,361	114,219
Under provision in prior years	134	-	134
Recognised in other comprehensive income	-	(7,610)	(7,610)
Effect of changes in exchange rates	-	592	592
At 31 December 2019	120,264	41,993	162,257
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

	Group	
	2019 RM	2018 RM
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	(20,272)	(29,759)
Recognised in profit or loss	(99,858)	8,202
(Under)/over provision in prior years	(134)	1,285
At 31 December	(120,264)	(20,272)

10. Deferred Tax Assets (Cont'd)

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

	Company	
	2019	2018
	RM	RM
Deferred tax assets		
Unabsorbed capital allowances		
At 1 January	15,350	20,775
Recognised in profit or loss	99,903	(5,425)
Under provision in prior years	134	-
At 31 December	115,387	15,350
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	(15,350)	(20,775)
Recognised in profit or loss	(99,903)	5,425
Under provision in prior years	(134)	-
At 31 December	(115,387)	(15,350)

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unabsorbed capital allowances	375,697	773,597	40,625	455,880
Unused tax losses	9,699,022	7,664,206	4,258,110	2,727,433
Others	-	151,880	-	151,880
	10,074,719	8,589,683	4,298,735	3,335,193

With effect from year of assessment 2019, unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. 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.

11. Inventories

	Group	
	2019	2018
	RM	RM
At cost		
Merchandise and trading goods	1,088,248	328,274
Recognised in profit or loss:		
Inventories recognised as cost of sales	4,344,391	7,088,936
Inventories written off	159,143	59,577

Notes to the Financial Statements

31 December 2019 (Cont'd)

12. Trade Receivables

	Group	
	2019 RM	2018 RM
Trade receivables	855,266	1,964,508
Less: Accumulated impairment losses	(2,201)	(13,543)
	853,065	1,950,965

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 30 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	
	2019 RM	2018 RM
At 1 January	13,543	14,013
Reversal of impairment losses	(11,590)	-
Foreign currency translation differences	248	(470)
At 31 December	2,201	13,543

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.

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

	Group	
	2019 RM	2018 RM
Not past due	127,836	1,520,220
Past due:		
Less than 30 days	422,187	326,665
31 to 60 days	155,555	95,937
61 to 90 days	149,688	21,686
Gross amount	855,266	1,964,508
Loss allowance, individual impaired	(2,201)	(13,543)
Net amount	853,065	1,950,965

12. Trade Receivables (Cont'd)

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

As at 31 December 2019, trade receivables of RM725,229 (2018: RM430,745) 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 RM2,201 (2018: RM13,543), 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.

13. Other Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	9,055	5,198	-	-
Refundable deposits	23,718	125,656	9,570	9,400
Prepayments	323,369	74,107	-	-
	356,142	204,961	9,570	9,400

14. Amount Due From/(To) Subsidiary Companies

	Company	
	2019 RM	2018 RM
Amount due from subsidiary companies		
<u>Trade related</u>		
Non-interest bearing	780,000	780,000
<u>Non-trade related</u>		
Non-interest bearing	9,653,021	10,117,084
Less: Accumulated impairment losses	(8,859,305)	(8,148,019)
	1,573,716	2,749,065
Amount due to a subsidiary company		
<u>Non-trade related</u>		
Non-interest bearing	-	(159,194)

Notes to the Financial Statements
31 December 2019 (Cont'd)

14. Amount Due From/(To) Subsidiary Companies (Cont'd)

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

	Company	
	2019 RM	2018 RM
At 1 January	8,148,019	10,534,185
Impairment losses recognised	1,387,197	1,093,120
Impairment losses reversed	(675,911)	(3,265,626)
Amount written off	-	(213,660)
At 31 December	8,859,305	8,148,019

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

15. Deposits, Bank and Cash Balances

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	1,293,837	683,811	169,537	84,710
Fixed deposits with licensed banks	6,661,474	9,986,138	5,363,474	6,328,538
	7,955,311	10,669,949	5,533,011	6,413,248
Less: Deposits with tenures of more than 3 months	(5,062,449)	(5,889,426)	(5,062,449)	(2,231,826)
	2,892,862	4,780,523	470,562	4,181,422

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 2.90% to 7.50% (2018: 3.15% to 7.50%) and 2.90% to 3.85% (2018: 3.15% to 4.20%) and 1 to 12 months (2018: 1 to 12 months) respectively.

16. Share Capital

	Group and Company			
	Number of Ordinary Shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid:				
At 1 January	266,058,666	266,058,666	28,051,999	26,605,867
Transition to no-par value regime on 31 January 2018				
- share premium	-	-	-	1,446,132
At 31 December	266,058,666	266,058,666	28,051,999	28,051,999

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.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regards 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.

17. Reserves

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable					
Fair value reserve	(b)	615,252	1,024,492	615,252	1,024,492
Foreign currency translation reserve	(c)	(642,094)	(1,107,371)	-	-
Accumulated losses		(4,048,937)	(39,321)	(11,002,823)	(8,715,030)
		(4,075,779)	(122,200)	(10,387,571)	(7,690,538)

Notes to the Financial Statements

31 December 2019 (Cont'd)

17. Reserves (Cont'd)

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

(a) Share premium

	Group and Company	
	2019 RM	2018 RM
At 1 January	-	1,446,132
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016 (Note 16)	-	(1,446,132)
At 31 December	-	-

(b) Fair value reserve

Fair value reserve represents the cumulative net change in the fair value of investment in securities measured at FVTOCI 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.

18. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 11 June 2019, 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 2019 was 24,090,500 (2018: 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 2019, the number of the Company's shares in issue after deducting treasury shares is 241,968,166 (2018: 241,968,166) ordinary shares.

19. Loans and Borrowing

	Note	Group 2019 RM	Group 2018 RM
Secured			
Term loan	(a)	1,588,964	-
Finance lease liabilities	(b)	-	51,507
		1,588,964	51,507
Non-current			
Term loan	(a)	1,525,132	-
Finance lease liabilities	(b)	-	35,511
		1,525,132	35,511
Current			
Term loan	(a)	63,832	-
Finance lease liabilities	(b)	-	15,996
		63,832	15,996
		1,588,964	51,507

(a) Term loan

The term loan is secured by the following:

(i) First party legal charge over the freehold land and building of the Group as disclosed in Note 4 to the financial statements.

(ii) Corporate guarantee by the Company.

The average effective interest rates per annum are as follows:

	Group 2019 %	Group 2018 %
Term loan	6.6	-
Finance lease liabilities	-	8.89

Notes to the Financial Statements
31 December 2019 (Cont'd)

19. Loans and Borrowing (Cont'd)

(b) Finance lease liabilities

	Group 2019 RM	Group 2018 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

In previous financial year, 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.

20. Lease Liabilities

	Group 2019 RM	Company 2019 RM
At 1 January	-	-
- Effect of adopting MFRS 16	51,507	-
At 1 January 2019, restated	51,507	-
Additions	134,761	94,978
Interest expenses recognised to profit or loss	7,910	1,991
Payment of lease	(53,024)	(19,600)
Foreign exchange translation differences	2,293	-
At 31 December	143,447	77,369
Represented by:		
Non-current liabilities	81,973	46,235
Current liabilities	61,474	31,134
	143,447	77,369
The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:		
Within one year	67,024	33,600
Later than one year and not later than two years	61,368	33,600
Later than two years and not later than five years	23,000	14,000
	151,392	81,200
Less: Future finance charges	(7,945)	(3,831)
Present value of lease liabilities	143,447	77,369

The Group leases various building and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 8.87%.

21. Employee Benefits

Retirement benefits plans

	Group 2019 RM	Group 2018 RM
Present value of unfunded defined benefit obligations	224,765	192,884

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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

21. Employee Benefits (Cont'd)

Retirement benefits plans (Cont'd)

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

	Group	
	2019	**2018**
	RM	**RM**
At 1 January	192,884	165,007
Recognised in profit or loss:		
- Current service costs	41,689	39,891
- Interest on obligations	16,932	9,819
Benefits paid by the plan	(1,175)	(44,343)
Remeasurement recognised in other comprehensive income:		
- Effects of changes in financial assumptions	(30,441)	27,541
- Foreign exchange translation differences	4,876	(5,031)
At 31 December	224,765	192,884

Actuarial assumptions

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

	Group	
	2019	**2018**
	%	**%**
Discount rate	7.81	8.63
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 2019 are as follows:

	Group	
	+1%	**-1%**
	RM	**RM**
(Decrease)/Increase of present value of the unfunded obligations		
- Discount rate	(24,636)	28,966
- Expected salary	29,076	(25,253)

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 2019 (Cont'd)

22. Trade Payables

	Group 2019 RM	Group 2018 RM
Trade payables	171,767	425,841

Credit terms of trade payables of the Group ranged from 30 to 60 days (2018: 30 to 60 days) depending on the terms of the contracts.

23. Other Payables

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Other payables	347,492	337,530	1,007	133
Accruals	109,320	107,218	77,745	67,794
	456,812	444,748	78,752	67,927

24. Revenue

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue form contracts with customers:				
- Sales and services under customer loyalty programmes	4,943,846	9,200,189	-	-
- Distribution of health and beauty care products	-	310,984	-	-
	4,943,846	9,511,173	-	-
Revenue from other sources:				
- Dividend from preference shares	-	40,000	-	40,000
	4,943,846	9,551,173	-	40,000
Timing of revenue recognition:				
At a point in time/Total revenue from contracts with customers	4,943,846	9,511,173	-	-

Notes to the Financial Statements
31 December 2019 (Cont'd)

24. 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
2019			
Geographical market:			
Malaysia	702,681	-	702,681
Indonesia	4,241,165	-	4,241,165
Total revenue from contracts with customers	4,943,846	-	4,943,846
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

25. Finance costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses on:				
Lease liabilities	7,910	-	1,991	-
Term loan	45,956	-	-	-
	53,866	-	1,991	-

26. Loss before Tax

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Auditors' remuneration:				
- statutory audits				
- UHY	62,000	73,019	50,000	50,000
- member firms of UHY International	25,516	24,346	-	-
- non-audit services	5,000	5,000	5,000	5,000
Amortisation of intangible assets	2,637	455	-	-
Defined benefit obligations	58,621	49,710	-	-
Depreciation of:				
- property, plant and equipment	392,348	293,891	110,150	110,003
- right-of-use assets	40,921	-	18,468	-
- investment property	-	16,000	-	-
Lease expenses relating to short-term leases	48,892	-	-	-
Lease expenses relating to low-value assets	72,532	-	-	-
Foreign exchange loss/(gain):				
- realised	350,079	68,612	350,079	67,092
- unrealised	6	31	(450,407)	151,880
Gain on disposal of property, plant and equipment	-	(1,376,594)	-	-
(Gain)/Loss on disposal of investments in subsidiary company	(3,647)	-	154,167	-
Inventories written off	159,143	59,577	-	-
Interest income from fixed deposits with licensed banks	(437,649)	(342,180)	(181,627)	(165,399)
Non-executive Directors' remunerations				
- fees	210,000	230,000	210,000	230,000

Notes to the Financial Statements

31 December 2019 (Cont'd)

26. Loss before Tax (Cont'd)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net (gain)/loss on impairment of financial instruments:				
- impairment losses on amount due from subsidiary companies	-	-	1,387,197	1,093,120
- impairment losses on investments in subsidiary companies	-	-	460,067	2,739,933
- reversal of impairment losses on amount due from subsidiary companies	-	-	(675,911)	(3,265,626)
- reversal of impairment losses on trade receivables	(11,590)	-	-	-
Property, plant and equipment written off	6,659	287,952	-	-
Rental expenses on:				
- car park	-	1,084	-	-
- motor vehicle	-	54,000	-	-
- office equipment	-	12,696	-	-
- premises	-	205,519	-	33,600
Waiver of amount due to a subsidiary company	-	-	(159,630)	-

27. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax (credit)/expense recognised in profit or loss				
Current tax				
- Foreign tax	-	5,342	-	-
Under provision in prior years	-	6,637	-	6,637
	-	11,979	-	6,637
Deferred tax				
- Origination and reversal of temporarydifferences	(14,361)	(1,342)	-	-
	(14,361)	10,637	-	6,637
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	7,610	6,885	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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 income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before tax	(4,097,609)	(2,319,693)	(2,287,793)	(2,417,039)
At Malaysian statutory tax rate of 24% (2018: 24%)	(983,426)	(556,726)	(549,070)	(580,089)
Effects of different tax rates in other jurisdictions	(16,246)	(2,316)	-	-
	(999,672)	(559,042)	(549,070)	(580,089)
Expenses not deductible for tax purposes	1,098,189	1,133,687	518,350	1,055,928
Deferred tax assets not recognised	356,408	395,766	231,250	307,911
Income not subject to tax	(469,286)	(966,411)	(200,530)	(783,750)
Under provision of tax expenses in prior years	-	6,637	-	6,637
	(14,361)	10,637	-	6,637

Notes to the Financial Statements
31 December 2019 (Cont'd)

27. Taxation (Cont'd)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unabsorbed capital allowances	876,798	858,623	521,404	520,395
Unused tax losses	9,699,022	7,664,206	4,258,110	2,727,433
	10,575,820	8,522,829	4,779,514	3,247,828

28. 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	
	2019 RM	2018 RM
Loss attributable to owners of the parent	(4,083,248)	(2,330,330)
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)	(1.69)	(0.96)

(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 have 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.

29. Staff Costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and other emoluments	2,627,451	2,336,673	681,500	658,259
Defined contribution plans	137,031	146,596	69,264	66,243
Social security contributions	13,371	14,882	4,171	3,590
Other benefits	55,467	107,900	15,486	-
Defined benefit obligations	58,621	49,710	-	-
	2,891,941	2,655,761	770,421	728,092

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	543,658	535,571	296,000	310,226
Defined contribution plans	34,740	35,846	34,740	35,846
Social security contributions	1,731	1,954	1,731	1,954
	580,129	573,371	332,471	348,026

Notes to the Financial Statements

31 December 2019 (Cont'd)

30. 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:

	At 1 January 2019 RM	Effect of adoption of MFRS 16 RM	Non-cash changes: New lease liabilities [Note 5] RM	Non-cash changes: Foreign exchange adjustments RM	Non-cash changes: Waiver of inter-company balance RM	Non-cash changes: Subscribe of share by way of capitalisation against amount due from RM	Non-cash changes: Impairment RM	Financing cash flows (i) RM	At 31 December 2019 RM
Group									
Finance lease liabilities	51,507	(51,507)	-	-	-	-	-	-	-
Lease liabilities	-	51,507	134,761	1,252	-	-	-	(44,073)	143,447
Term loan	-	-	-	-	-	-	-	1,588,964	1,588,964
	51,507	-	134,761	1,252	-	-	-	1,544,891	1,732,411
Company									
Amount due from subsidiary companies	(1,809,871)	-	-	(450,407)	(159,630)	348,710	711,286	566,196	(793,716)
Lease liabilities	-	-	94,978	-	-	-	-	(17,609)	77,369
	(1,809,871)	-	94,978	(450,407)	(159,630)	348,710	711,286	548,587	(716,347)

30. Reconciliation of Liabilities arising from Financing Activities (Cont'd)

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: (Cont'd)

		Non-cash changes					
	At 1 January 2018 RM	New finance lease Note 4(b) RM	Subscription of share of subsidiary company Note 8(a) RM	Foreign exchange adjustments RM	Reversal on impairment loss RM	Financing cash flows (i) RM	At 31 December 2018 RM
Group							
Finance lease liabilities	-	57,989	-	-	-	(6,482)	51,507
Company							
Amount due (from)/to subsidiary companies	(2,539,014)	-	3,199,998	151,880	(2,172,506)	(450,229)	(1,809,871)

(i) The cash flows from lease liabilities, term loan and amount due (from)/to subsidiary companies represents proceeds from or repayments of lease liabilities, term loan and amount due (from)/to subsidiary companies in the statements of cash flows.

Notes to the Financial Statements
31 December 2019 (Cont'd)

31. Commitments

	Group 2019 RM	Group 2018 RM
Capital expenditure		
Authorised and contracted for:		
- Investment property	-	513,560
- Property, plant and equipment	50,100	-

32. 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.

(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	
	2019 RM	2018 RM	2019 RM	2018 RM
(i) Transactions with Director of corporate shareholder				
- Rental of motor vehicle	54,000	54,000	-	-
(ii) Transactions with subsidiary company				
- Investment in subsidiary company	-	-	348,710	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 26 and 29 respectively.

33. 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 2019 (Cont'd)

33. Segment Information (Cont'd)

(a) Business segment

	Managed customer loyalty services RM	Distribution of health and beauty care products RM	Others RM	Consolidated RM
2019				
Revenue				
Total revenue - external customers	4,943,846	-	-	4,943,846
Results				
Segment results	(2,590,280)	(114,343)	(1,776,769)	(4,481,392)
Finance costs	(51,875)	-	(1,991)	(53,866)
Finance income	255,972	-	181,677	437,649
Loss before tax	(2,386,183)	(114,343)	(1,597,083)	(4,097,609)
Taxation	14,361	-	-	14,361
Loss for the financial year	(2,371,822)	(114,343)	(1,597,083)	(4,083,248)
Assets and liabilities				
Segment assets	11,144,181	-	11,363,832	22,508,013
Including in the measurement of segment assets are:				
Capital expenditure relating to:				
- property, plant and equipment	964,984	-	-	964,984
- right-of-use of assets	39,783	-	94,978	134,761
Segment liabilities	2,424,016	-	165,621	2,589,637
Other information				
Amortisation of intangible assets	2,637	-	-	2,637
Defined benefit obligations	58,621	-	-	58,621
Depreciation of:				
- right-of-use assets	22,453	-	18,468	40,921
- property, plant and equipment	282,198	-	110,150	392,348
Inventories written off	-	159,143	-	159,143
Unrealised loss on foreign exchange	-	-	6	6
Property, plant and equipment written off	6,659	-	-	6,659
Reversal of trade receivables	(11,590)	-	-	(11,590)

33. 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
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)	(628,869)	(1,128,027)	(2,319,693)
Taxation	(4,000)	-	(6,637)	(10,637)
Loss for the financial year	(566,797)	(628,869)	(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
Inventories 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 2019 (Cont’d)

33. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	702,681	2,030,446	4,715,286	3,958,565
Indonesia	4,241,165	7,520,727	1,876,164	1,929,994
	4,943,846	9,551,173	6,591,450	5,888,559

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		
	2019 RM	2018 RM	Segment
Customer A	-	973,890	Managed customer loyalty services
Customer B	585,521	1,992,778	Managed customer loyalty services
Customer C	-	1,615,647	Managed customer loyalty services
Customer D	933,606	-	Managed customer loyalty services
Customer E	674,007	-	Managed customer loyalty services
	2,193,134	4,582,315	

34. 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.

34. 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:

	At amortised cost RM	At FVTOCI RM	Total RM
2019			
Financial assets			
Group			
Other investments	-	5,576,804	5,576,804
Trade receivables	853,065	-	853,065
Other receivables	32,773	-	32,773
Deposits, bank and cash balances	7,955,311	-	7,955,311
	8,841,149	5,576,804	14,417,953
Company			
Other investments	-	5,576,804	5,576,804
Other receivables	9,570	-	9,570
Amount due from subsidiary companies	1,573,716	-	1,573,716
Deposits, bank and cash balances	5,533,011	-	5,533,011
	7,116,297	5,576,804	12,693,101
2019			
Financial liabilities			
Group			
Loans and borrowing	1,588,964	-	1,588,964
Lease liabilities	143,447	-	143,447
Trade payables	171,767	-	171,767
Other payables	456,812	-	456,812
	2,360,990	-	2,360,990
Company			
Other payables	78,752	-	78,752
Lease liabilities	77,369	-	77,369
	156,121	-	156,121

Notes to the Financial Statements
31 December 2019 (Cont'd)

34. 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)

	At amortised cost RM	At FVTOCI RM	Total RM
2018			
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			
Loans 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

34. 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 operation whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate 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 deposits 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.

Credit risk concentration

As at the end of the financial year, the Group had 3 customers (2018: 2 customers) that owed the Group more than RM85,307 each and accounted for approximately 75% (2018: 51%) of all the receivables outstanding. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

Notes to the Financial Statements
31 December 2019 (Cont'd)

34. Financial Instruments (Cont'd)

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

(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.

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	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2019						
Non-derivative financial liabilities						
Term loan	170,976	170,976	512,928	1,679,095	2,533,975	1,588,964
Lease liabilities	67,024	61,368	23,000	-	151,392	143,447
Trade payables	171,767	-	-	-	171,767	171,767
Other payables	456,812	-	-	-	456,812	456,812
	866,579	232,344	535,928	1,679,095	3,313,946	2,360,990
2018						
Non-derivative financial liabilities						
Finance lease liabilities	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

34. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (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. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2019						
Non-derivative financial liabilities						
Other payables	78,752	-	-	-	78,752	78,752
Lease liabilities	33,600	33,600	14,000	-	81,200	77,369
	112,352	33,600	14,000	-	159,952	156,121
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

(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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

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					
2019					
Deposits, bank and cash balances	3,364	20	23	-	3,407
2018					
Deposits, bank and cash balances	3,708	20	23	959	4,710

	Denominated in				
	USD RM	**SGD RM**	**JPY RM**	**Others RM**	**Total RM**
Company					
2019					
Deposits, bank and cash balances	-	20	-	23	43
Amount due from subsidiary companies	-	-	1,573,716	-	1,573,716
	-	20	1,573,716	23	1,573,759
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

34. 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**	**2019 Effect on loss before tax RM**	**2018 Effect on loss before tax RM**
USD	Strengthened 5% (2018: 5%)	168	185
	Weakend 5% (2018: 5%)	(168)	(185)
SGD	Strengthened 5% (2018: 5%)	1	1
	Weakend 5% (2018: 5%)	(1)	(1)
JPY	Strengthened 5% (2018: 5%)	1	1
	Weakend 5% (2018: 5%)	(1)	(1)
Others	Strengthened 5% (2018: 5%)	-	48
	Weakend 5% (2018: 5%)	-	(48)
Company			
USD	Strengthened 5% (2018: 5%)	-	(7,959)
	Weakend 5% (2018: 5%)	-	7,959
SGD	Strengthened 5% (2018: 5%)	1	1
	Weakend 5% (2018: 5%)	(1)	(1)
IDR	Strengthened 5% (2018: 5%)	78,686	137,453
	Weakend 5% (2018: 5%)	(78,686)	(137,453)
Others	Strengthened 5% (2018: 5%)	1	1
	Weakend 5% (2018: 5%)	(1)	(1)

(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's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks 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 and long-term deposits.

Notes to the Financial Statements

31 December 2019 (Cont'd)

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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:

	2019 RM	2018 RM
Group		
Fixed rate instruments		
Financial assets	6,661,474	9,986,138
Financial liabilities	(143,447)	(51,507)
	6,518,027	9,934,631
Floating rate instrument		
Financial liabilities	(1,588,964)	-
Company		
Fixed rate instruments		
Financial assets	5,363,474	6,328,538
Financial liabilities	(77,369)	-
	5,286,105	6,328,538

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 and liabilities 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.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax by RM15,890 (2018: RM NIL), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings 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.

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					
	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
2019										
Group										
Financial asset										
Quoted shares	5,576,804	-	-	5,576,804	-	-	-	-	5,576,804	5,576,804
Company										
Financial asset										
Quoted shares	5,576,804	-	-	5,576,804	-	-	-	-	5,576,804	5,576,804

Notes to the Financial Statements
31 December 2019 (Cont'd)

34. 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					
	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
2018										
Group										
Financial asset										
Quoted shares	5,986,044	-	-	5,986,044	-	-	-	-	5,986,044	5,986,044
Financial liability										
Finance lease liabilities	-	-	-	-	-	38,653	-	38,653	38,653	35,511
Company										
Financial asset										
Quoted shares	5,986,044	-	-	5,986,044	-	-	-	-	5,986,044	5,986,044

34. 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).

Non-derivative financial instruments

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.

(iv) Level 3 fair value

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

35. Capital Management

The Group's and the Company's objective 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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

35. Capital Management (Cont'd)

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Loans and borrowings	1,588,964	51,507	-	-
Lease liabilities	143,447	-	77,369	-
Less: deposits, cash and bank balances	(7,955,311)	(10,669,949)	(5,533,011)	(6,413,248)
	(6,222,900)	(10,618,442)	(5,455,642)	(6,413,248)
Total equity	19,918,376	23,871,955	13,606,584	16,303,617
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.

36. Material Litigations

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 company of the Company.

On 30 September 2019, the Court had dismissed the Plaintiff's claim against all the Defendants with costs of RM15,000 to each Defendant (subject to allocator fee of 4%). On 29 October 2019, the Plaintiff had filed a Notice of Appeal against the decision of the Kuala Lumpur High Court and the Court of appeal has fixed the fourth case management on 7 July 2020 pending the Kuala Lumpur High Court to provide the grounds of judgement.

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

37. Subsequent Events

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia and worldwide that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group's and the Company's business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group and to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

38. 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 22 May 2020.

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 2019 (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 E Rt.010 RW 004 Maphar, Tamansari Jakarta Barat	Office Unit	Owned / PT CLS System	1,589,671	3 / 20 December 2017	Freehold	112 / 366
No. 18, Jalan Balam, 51100 Kuala Lumpur	Office Unit	Owned / Angkara Setia Development Sdn Bhd	3,387,965	41 / 30 October 2017	Freehold	312 / 864

Analysis of Shareholdings
As at 4 May 2020

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 4 MAY 2020

Size of Holding	No. of shareholders	%	No. of Shares	%
Less than 100	288	37.07	12,823	0.01
100 - 1,000	102	13.13	29,825	0.01
1,001 - 10,000	151	19.43	830,022	0.34
10,001 - 100,000	182	23.42	6,790,295	2.81
100,001 - Less than 5% of Issued Shares	51	6.56	157,929,123	65.27
5% and above of Issued Shares	3	0.39	76,376,078	31.56
Total#	**777**	**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 SHAREHOLDERSAS AT 4 MAY 2020
(As per Register of Substantial Shareholders)

		No. of Shares held		No. of Shares held	
No.	**Name of Shareholders**	**Direct**	**%**	**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' SHAREHOLDINGS AS AT 4 MAY 2020
(As per Register of Directors' Shareholdings)

		No. of Shares held		No. of Shares held	
No.	**Name of Directors**	**Direct**	**%**	**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	-	-	-	-

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 4 May 2020 (Cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(According to the Record of Depository as at 4 May 2020)

No.	Name of Shareholders	No. of Shares	%
1	CG ASSETS PTE LTD	47,378,822	19.5806
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK SIEW WEI	16,000,000	6.6124
3	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	12,997,256	5.3715
4	TOO SIEW WOON	12,010,800	4.9638
5	LEE YEE THIAN	12,001,500	4.9599
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG MUN LEONG (CHE0525C)	12,000,000	4.9593
7	CHEONG BEE LEE	12,000,000	4.9593
8	DESTINASI SEHATI SDN. BHD.	11,537,600	4.7682
9	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	10,998,550	4.5455
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK KEONG (6000418)	9,930,000	4.1038
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE SECURITIES (EUROPE) LIMITED	9,900,000	4.0914
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO KIEN YOON	9,450,000	3.9055
13	LOW KENG YEE	8,701,550	3.5962
14	TAN CHIN YEN	8,491,300	3.5093
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG WAI FUN (CHE0562C)	5,000,066	2.0664
16	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR NOMURA PB NOMINEES LTD	4,544,410	1.8781
17	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED	4,364,800	1.8039
18	JOSEPH YEO	4,000,000	1.6531
19	M & A NOMINEE (ASING) SDN BHD MAJESTIC SALUTE SDN BHD FOR GAMRIE LIMITED	4,000,000	1.6531
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW LEE KHOON (CEB)	2,969,545	1.2272
21	CHUNG SHAN HUI	2,320,000	0.9588
22	TAN LAY PENG	2,051,600	0.8479
23	TAN LEI ENG	1,300,000	0.5373
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG INN LAI	1,041,006	0.4302
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PIONG YON WEE (6000652)	972,500	0.4019
26	CHONG SHAO VOON	933,333	0.3857
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LI LI (6000361)	898,100	0.3712
28	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WANG KIAN HOO @ ONG KIN YAN	800,000	0.3306
29	TEE TEH SDN. BERHAD	666,666	0.2755
30	SOON SOON CHEONG	476,933	0.1971
	TOTAL	**229,736,337**	**94.9447**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting ("AGM") 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 Friday, 26 June 2020 at 10.00 a.m. and at any adjournment thereof to transact the following business:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon. *(refer to Note A)*

2. To approve the payment of Directors' fees and other benefits up to RM200,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from 27 June 2020 until the conclusion of the next AGM of the Company. *(Ordinary Resolution 1)*

3. To re-elect the following Directors who retire by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, have offered themselves, for re-election:

   i) Ang Huat Keat *(Ordinary Resolution 2)*
   ii) Azizullaili Bin Haji Jalaluddin *(Ordinary Resolution 3)*

4. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

As Special Business
To consider and, if thought fit, to pass with our without any modifications, the following resolutions: -

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** *(Ordinary Resolution 5)*

   "THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Ace Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measure to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company, at any time to such persons 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 to be issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company or at any adjournment thereof."

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 Act 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 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 ten per centum (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 28 May 2020.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next 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 AMLR 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 AMLR 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 Act.

BY ORDER OF THE BOARD,

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 201908002253)
Thien Lee Mee (LS0009760 / SSM PC No. 201908002254)
Company Secretaries

Kuala Lumpur
28 May 2020

Notice of Annual General Meeting (Cont'd)

Notes:-

A. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(i) For the purpose of determining who shall be entitled to attend this meeting, only members whose names appear in the Record of Depositors as at 22 June 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote this meeting or appoint a proxy to attend, speak and vote on his/her behalf.

(ii) A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

(iii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend, speak and vote at the meeting in his/her stead. Where a member appoints one (1) or more proxies, such appointment shall not be valid unless he specifies the proportion of his holdings to be presented by each proxy.

(iv) Where a member of the Company is an authorised nominee defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but 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.

(v) 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.

(vi) 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.

(vii) 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 at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

COVID-19 Outbreak Measure notes the health and safety of our members and staff who will attend the 16th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 16th AGM:

a. Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 16th AGM in person.

b. Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the 16th AGM on their behalf by submitting the proxy form with predetermined voting instruction.

c. Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the 16th AGM in person.

d. Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the 16th AGM in person.

e. In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 16th AGM in person.

f. Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the Meeting in person.

g. Members or proxies are advised to observe/maintain social distancing throughout the Meeting.

h. NO door gift will be provided to the Members or proxies.

i. NO refreshment will be served at the Meeting venue.

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 16th AGM at short notice. Kindly check Bursa Securities's and Company's website at www.aim-net.com.my for the latest updates on the status of the said meeting.

Notice of Annual General Meeting (Cont'd)

Explanatory Notes to Special Business:-

ORDINARY RESOLUTION 5
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The Ordinary Resolution 5 proposed is a renewal of the general mandate and empowered the Directors of the Company pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company ("General Mandate").

The Company had obtained the mandate from the shareholders at the last AGM held on 11 June 2019 ("Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and no proceeds were raised.

Bursa Malaysia Securities Berhad had on 16 April 2020 announced that listed issuers are allowed to seek a higher limit of General Mandate of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"). The 20% General Mandate may be utilised by listed issuer to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated ("Extended Utilisation Period").

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the 16th AGM of the Company.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the 20% General Mandate is sought, the Company will make a necessary announcement in respect thereof.

ORDINARY RESOLUTION 6
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES

This proposed Ordinary Resolution 6 is intended to allow the Company to purchase its own shares up to 10% of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the AMLR of Bursa Securities.

Please refer to the Statement to Shareholders dated 28 May 2020 for further information.

Statement Accompanying Notice of Annual General Meeting

The profiles of the Directors who are standing for re-election at the 16th AGM are set out in the Directors' Profile on pages 4 to 5 of the Annual Report 2019.

No individual seeking for election as a Director other than the Directors seeking for re-election and retention as a Director at the 16th AGM.

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 5 as stated in the Notice of the 16th AGM of the Company for details.

FORM OF PROXY

ADVANCE INFORMATION MARKETING BERHAD
(Registration No. 200401006266 (644769-D))
(Incorporated in Malaysia)

CDS Account No.	
No. of Shares Held	

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 Sixteenth ("16th") 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 Friday, 26 June 2020 at 10.00 a.m. and at any adjournment thereof.

No.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and other benefits up to RM200,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from 27 June 2020 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Ang Huat Keat as Director.		
Ordinary Resolution 3	To re-elect Azizullaili Bin Haji Jalaluddin 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 Issue and 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 ________________ , 2020

____
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:-

A. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(i) For the purpose of determining who shall be entitled to attend this meeting, only members whose names appear in the Record of Depositors as at 22 June 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote this meeting or appoint a proxy to attend, speak and vote on his/her behalf.

(ii) A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

(iii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend, speak and vote at the meeting in his/her stead. Where a member appoints one (1) or more proxies, such appointment shall not be valid unless he specifies the proportion of his holdings to be presented by each proxy.

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(v) 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.

(vi) 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.

(vii) 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 at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

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AFFIX STAMP

The Share Registrar

ADVANCE INFORMATION MARKETING BERHAD

c/o: Boardroom.com Sdn. Bhd.

Suite 10.02, Level 10, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

Fold this flap for sealing

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