PRIVASIA

ANNUAL REPORT 2017

CORE VALUES

DO THE RIGHT THING

OUR PEOPLE FIRST

HAVE AN ENTREPRENEURIAL SPIRIT

PURPOSE

Simplifying business by always innovating & nurturing talent because everyone deserves the best value

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NOTICE OF ANNUAL GENERAL MEETING

PRIVASIA TECHNOLOGY BERHAD
Company No. 825092-U
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT THE TENTH (10TH) ANNUAL GENERAL MEETING ("AGM") OF PRIVASIA TECHNOLOGY BERHAD ("PTB" or "THE COMPANY") WILL BE HELD AT UNIT C-21-02, 2ND FLOOR, DATARAN 3 DUA (3 TWO SQUARE), NO. 2, JALAN 19/1, 46300 PETALING JAYA, SELANGOR DARUL EHSAN ON FRIDAY, 29 JUNE 2018 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AGENDA

As Ordinary Business:

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	Please refer to Note 1 of the Explanatory Note
2.	To re-elect Mr. Puvanesan a/l Subenthiran who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, has offered himself for re-election.	Ordinary Resolution 1
	Datuk Ali Bin Abdul Kadir has given notice that he will not be seeking for re-election as a Director in accordance with Article 129 of the Articles of Association. Hence, he will retain office until the conclusion of this 10th AGM.	
3.	To re-elect the following Directors who shall retire pursuant to Article 134 of the Company's Articles of Association and being eligible, have offered themselves for re-election:	
	I. Mr. Ronnie Kok Lai Huat	Ordinary Resolution 2
	II. Dato' Mohamed Sharil Bin Mohamed Tarmizi	Ordinary Resolution 3
4.	To approve the payment of Directors' fees and allowances from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.	Ordinary Resolution 4
5.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5

As Special Business:
To consider and, if thought fit, with or without any modifications, to pass the following Ordinary Resolutions:

6.	Retention of Mr. Brian Wong Wye Pong as Independent Non-Executive Director. "THAT approval be and is hereby given to retain Mr. Brian Wong Wye Pong as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, who has served as an Independent Non-Executive Director of the Company for more than nine (9) years in accordance with the Malaysian Code on Corporate Governance.	Ordinary Resolution 6
7.	Authority to issue and allot shares pursuant to Section 76 of the Companies Act, 2016. "THAT subject always to the Companies Act, 2016, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 76 of the Companies Act, 2016, to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting, in such number and to such person 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 does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."	Ordinary Resolution 7
8.	To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.	

By Order Of The Board,

WONG CHOW LAN (MAICSA 7012088)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Petaling Jaya
Date: 27 April 2018

NOTES

1. A member of the Company entitled to attend and vote at the 10th AGM ("Member") may appoint not more than two (2) proxies to attend and vote instead of him/her.

2. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specified the proportions of his/her shareholdings to be represented by each proxy.

3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a Meeting shall have the same rights as the Member to speak at the Meeting.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

6. For a proxy form to be valid, it must be deposited at the Registered Office of the Company at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before time appointed for the Meeting or any adjournments thereof.

7. 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 its common seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

8. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 June 2018 pursuant to Article 79 and paragraph 7.16 (2) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

9. Pursuant to Paragraph 8.31A(1) of the Ace Market Listing Requirement, all the resolutions at the 10th AGM of the Company shall be put to vote by way of poll.

10. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the members has obtained prior consent of such proxy/(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes on Ordinary Business

1. Agenda 1 – To receive the Audited Financial Statements

   Agenda item no. 1 is meant for discussion only as the provision of Section 340 (1)(a) of the Companies Act, 2016 does not require shareholders' approval for the audited financial statements. Hence, this item on the Agenda is not put forward for voting.

2. Agenda 4 - Payment of Directors' fees and allowances

   The Company is requesting shareholders' approval for the payment of Directors' fees and allowances to the Directors for the period commencing 1 January 2018 up till the next Annual General Meeting of the Company in 2019 as follows:

	RM
Executive Directors	**152,000**
Non-Executive Directors	**304,000**

   If passed, it will allow the Company to make payment of the Directors' fees and allowances to Directors on quarterly basis up till the next Annual General Meeting of the Company to be held in 2019.

Explanatory Notes on Special Business

Resolution 6 – Retention as Independent Non-Executive Director of the Company pursuant to Malaysian Code on Corporate Governance.

The proposed adoption of the Ordinary Resolution 6 is to retain Mr. Brian Wong Wye Pong ("Mr. Brian") as an Independent Non-Executive Director ("INED") of the Company.

Mr. Brian was appointed as an INED of the Company on 4 May 2009, and has, therefore served as INED for more than nine (9) years. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as an INED of the Company.

Resolution 7 – Authority to issue and allot shares pursuant to Section 76 of the Companies Act, 2016.

The proposed Resolution 7, if passed, will authorize the Directors to issue shares up to 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. The purpose for the renewal of a general mandate is to avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding further investment projects, additional working capital, acquisitions, etc.

This authority unless, revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

The Company did not issue any new shares pursuant to the mandate granted to the Directors at the last annual general meeting held on 20 June 2017 and which will lapse at the conclusion of the forthcoming annual general meeting.

STATEMENT ACCOMPANYING NOTICE OF THE TENTH ANNUAL GENERAL MEETING

1. The Director retiring and seeking re-election pursuant to Article 129 of the Company's Articles of Association at the 10th AGM is:

   a. Puvanesan a/l Subenthiran

2. The Directors retiring and seeking re-election pursuant to Article 134 of the Company's Articles of Association at the 10th AGM are:

   a. Ronnie Kok Lai Huat; and

   b. Dato' Mohamed Sharil Bin Mohamed Tarmizi

3. The Director retaining as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance at the 10th AGM is:

   a. Brian Wong Wye Pong

   The Board has via the Nomination and Remuneration Committee conducted an annual performance evaluation and assessment of Mr. Brian Wong Wye Pong, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director based on the following justifications:

   I. He fulfilled the criteria under definition of Independent Director as stated in the Listing Requirements, and therefore was able to bring independent and objective judgement to the Board; and

   II. He has been with the Company for long and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at committee and Board meetings.

4. The details of the Directors seeking re-election and retention are set in their profile which appear on page 11, 13, 14 and 15 of this Annual Report.

5. Details of the proposed renewal of the general mandate for the Directors to allot and issue shares in the Company pursuant to Section 76 of the Companies Act, 2016 in accordance with Paragraph 6.04(3) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements are set out in the Explanatory Notes on Special Business of the Notice of the 10th AGM on page 4 of this Annual Report.

CORPORATE INFORMATION

Board of Directors

DATUK ALI BIN ABDUL KADIR
(Chairman/ Independent Non-Executive Director)

PUVANESAN A/L SUBENTHIRAN
(Chief Executive Officer/ Managing Director)

ANDRE ANTHONY A/L HUBERT RENE
(Deputy Chief Executive Officer/ Executive Director)

BRIAN WONG WYE PONG
(Independent Non-Executive Director)

RONNIE KOK LAI HUAT
(Independent Non-Executive Director)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
(Independent Non-Executive Director)

Audit and Risk Management Committee

- BRIAN WONG WYE PONG (Chairman)
- DATUK ALI BIN ABDUL KADIR (Member)
- RONNIE KOK LAI HUAT (Member)

Nomination and Remuneration Committee

- RONNIE KOK LAI HUAT (Chairman)
- BRIAN WONG WYE PONG (Member)
- DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI (Member)

Investment Committee

- DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI (Chairman)
- PUVANESAN A/L SUBENTHIRAN (Member)
- BRIAN WONG WYE PONG (Member)
- ANDRE ANTHONY A/L HUBERT RENE
  (Alternate to Puvanesan a/l Subenthiran)

Registered Office

No. 62C, Jalan SS21/62, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel: +603 7729 3337
Fax: +603 7729 3619

Share Registrars

SYMPHONY SHARE REGISTRARS SDN. BHD.
(378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor Darul Ehsan.
Tel: +603 7841 8000
Fax: +603 7841 8151/8152

Company Secretaries

- WONG CHOW LAN (MAICSA 7012088)
- FOO LI LING (MAICSA 7019557)

Stock Exchange Listing

BURSA MALAYSIA SECURITIES BERHAD
Stock Name: PRIVA
Stock Code: 0123

Auditor

BAKER TILLY MONTEIRO HENG (AF 0117)
Chartered Accountants
Baker Tilly MH Tower,
Level 10, Tower 1 Avenue 5,
Jalan Kerinchi, Bangsar South,
59200 Kuala Lumpur.
Tel: +603-2297 1000
Fax: +603-2282 9980

Website

www.privasia.com

PRIVASIA
TECHNOLOGY BERHAD

- PRIVASIA
  PRIVASIA SDN. BHD.
  (100%)
  MSC
  - PRIVACOM
    PRIVACOM SDN. BHD.
    (100%)
  - PRIVASIA SABAH
    PRIVASIA (SABAH) SDN. BHD.
    (100%)
- PRIVASAT
  PRIVASAT SDN. BHD.
  (100%)
- PRIVANET
  PRIVANET SDN. BHD.
  (100%)
  - PRIVATEL
    PRIVATEL SDN. BHD.
    (75%)
    - PRIVATEL
      PRIVATEL (SINGAPORE) PTE. LTD.
      (100%)
  - SCANTEL
    SCANTEL SDN. BHD.
    (100%)
  - INFOCRATS
    INFOCRATS SDN. BHD.
    (30%)
- SPRINGREACH DISTRIBUTION
  SPRING REACH DISTRIBUTION SDN. BHD.
  (75%)
- PRIVAGEN
  PRIVAGEN SDN. BHD.
  (60%)
- PRIVARAIL
  PRIVARAIL SDN. BHD.
  (80%)

PRIVASIA

BOARD OF DIRECTORS

(including key senior management)

DATUK ALI BIN ABDUL KADIR

Chairman/ Independent Non-Executive Director

(69 years of age, Male, Malaysian)

Datuk Ali Kadir, was appointed as Chairman and an Independent Non-Executive Director of Privasia Group on 4 May 2009. He is also a member of the Audit and Risk Management Committee.

Datuk Ali Kadir is a Fellow of the Institute of Chartered Accountants in England & Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants. He is also currently Honorary Advisor to ICAEW-KL City Chapter, Honorary Fellow of both the Institute of Chartered Secretaries & Administrators (UK) and the Malaysian Institute of Directors.

Datuk Ali Kadir is currently Chairman of JcbNext Berhad, Privasia Technology Berhad and Enra Group Berhad. He is a Board Member of Glomac Berhad, Citibank Berhad, Labuan Financial Services Authority, Ekuiti Nasional Berhad and other private companies and foundations.

Datuk Ali Kadir was Chairman of the Securities Commission of Malaysia from 1 March 1999 till 29 February 2004. He also sat on a number of national committees including the Foreign Investment Committee, the Oversight Committee of National Asset Management Company (Danaharta). On the international front, he was a member of the Exco Board of International Organisation of Securities Commissions ("IOSCO"), chairman of their Asia-Pacific Region Committee and the Islamic Capital Market Working Group. He was trustee of Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Force of Nature Aid Foundation, and also Advisor to the Sri Lanka Securities & Exchange Commission.

Previously, he was Executive Chairman and Partner of Ernst & Young and its related firms. He was also the former President of MICPA, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed an Adjunct Professor in the Accounting and Business Faculty, University of Malaya (2008 till 2011) and was then appointed to the Advisory Board of the same Faculty. He was also previously chairman of Milux Corporation Berhad, Microlink Solutions Berhad and Financial Reporting Foundation.

Datuk Ali Kadir was awarded the Panglima Jasa Negara (PJN) by the YDP Agung in 2002. In 2012, he was bestowed the Lifetime Achievement Award by ICAEW-KL City Chapter, and the President's Award by MICPA.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2017.

Mr. Puvanesan is one of the founding members of Privasia Group, and was appointed as the Group Chief Executive Officer and Managing Director of Privasia Group on 4 May 2009. He was appointed to the board of Privasia Sdn Bhd on 4 August 2004. He is also a member of the Investment Committee.

He graduated with BA (Hons) in Accounting and Finance from London South Bank University and holds a Diploma in Economics from the National Council for Educational Awards, Ireland.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). He has completed the Senior Management Development Program and Program for Leadership Development at the Harvard Business School. Prior to this, Mr. Puvanesan was a senior in the Business Advisory and Assurance Department of BDO Simpsons Xavier in Ireland and upon his return to Malaysia, was the Chief Financial Officer of the Makmal Jaya Group.

Mr. Puvanesan is a member of the Young Presidents Organization (YPO) and the President of TiE Malaysia Chapter. He is also a director of Perbadanan Stadium Malaysia. He does not hold any other directorships of public companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2017.

PUVANESAN A/L SUBENTHIRAN

Chief Executive Officer/ Managing Director

(42 years of age, Male, Malaysian)

ANDRE ANTHONY A/L HUBERT RENE

Deputy Chief Executive Officer/ Executive Director

(42 years of age, Male, Malaysian)

Mr. Andre, is one of the founding members of the Privasia Group, and was appointed as a Deputy Chief Executive Officer of the Group on 4 May 2009. He is an alternate member for Mr. Puvanesan in the Investment Committee.

He is a LLB (Hons) graduate from the University of Wales, College of Cardiff.

He started off his working career while still at university, working as an intern with the New Straits Times press in 1996 followed by a short stint in a legal firm the following year.

Upon graduation, Mr. Andre moved into the dotcom business with Dreammotor.com as a member of its business development team. He was involved in the setting up of the company and the expansion of its operations and business to Singapore and Hong Kong. Mr. Andre's passion, however, was very much in the logistics industry and he eventually joined Westport's IT Department to harness his skills in this area. The various IT research studies carried out while at Westport led him to believe that there was an information technology gap to be filled in the port and shipping industry, and coupled with his IT experience from his stint at Dreammotor.com, he ventured full-time into IT consultancy.

Once fully into the IT field, Mr. Andre harnessed his skills in various areas of IT as well as in the management and operation of running a business. He helped steer and grow Privasia from the small IT Company focused on a niche area to the large group that it is today.

Mr. Andre is a graduate of the Harvard Business School Senior Management Development Program. He was the President of the Harvard Business School Alumni Club of Malaysia's associate wing from 2010- 2012 and also independent director of Labuan Port Authority.

He does not hold any other directorships of public companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2017.

Mr. Brian Wong was appointed as an Independent Non- Executive Director of Privasia Group on 4 May 2009. He is the Chairman of the Audit and Risk Management Committee and a member of both the Nomination and Remuneration Committee and the Investment Committee.

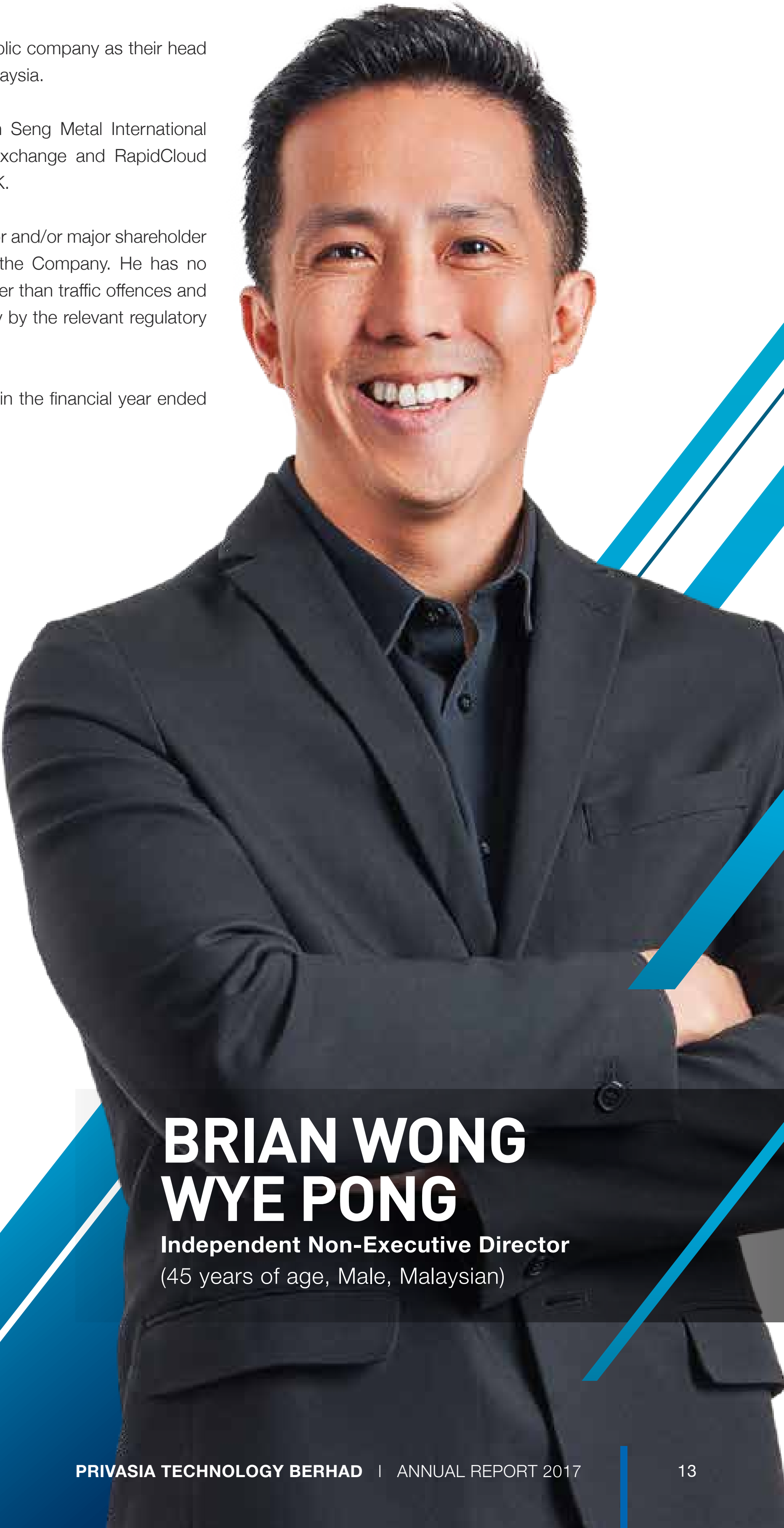
He graduated with a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Western Australia and is a licensed auditor in Malaysia and Cambodia, a Fellow with CPA Australia, a Chartered Accountant with the Malaysian Institute of Accountants, and a Certified Financial Planner with the Financial Planning Association of Malaysia.

He was previously with KPMG, Kuala Lumpur and a public company as their head of corporate affairs. Currently, he is a partner of PKF Malaysia.

His directorships in other public companies are Mann Seng Metal International Limited, a company listed on the Singapore Stock Exchange and RapidCloud International PLC, a company incorporated in Jersey, UK.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2017.

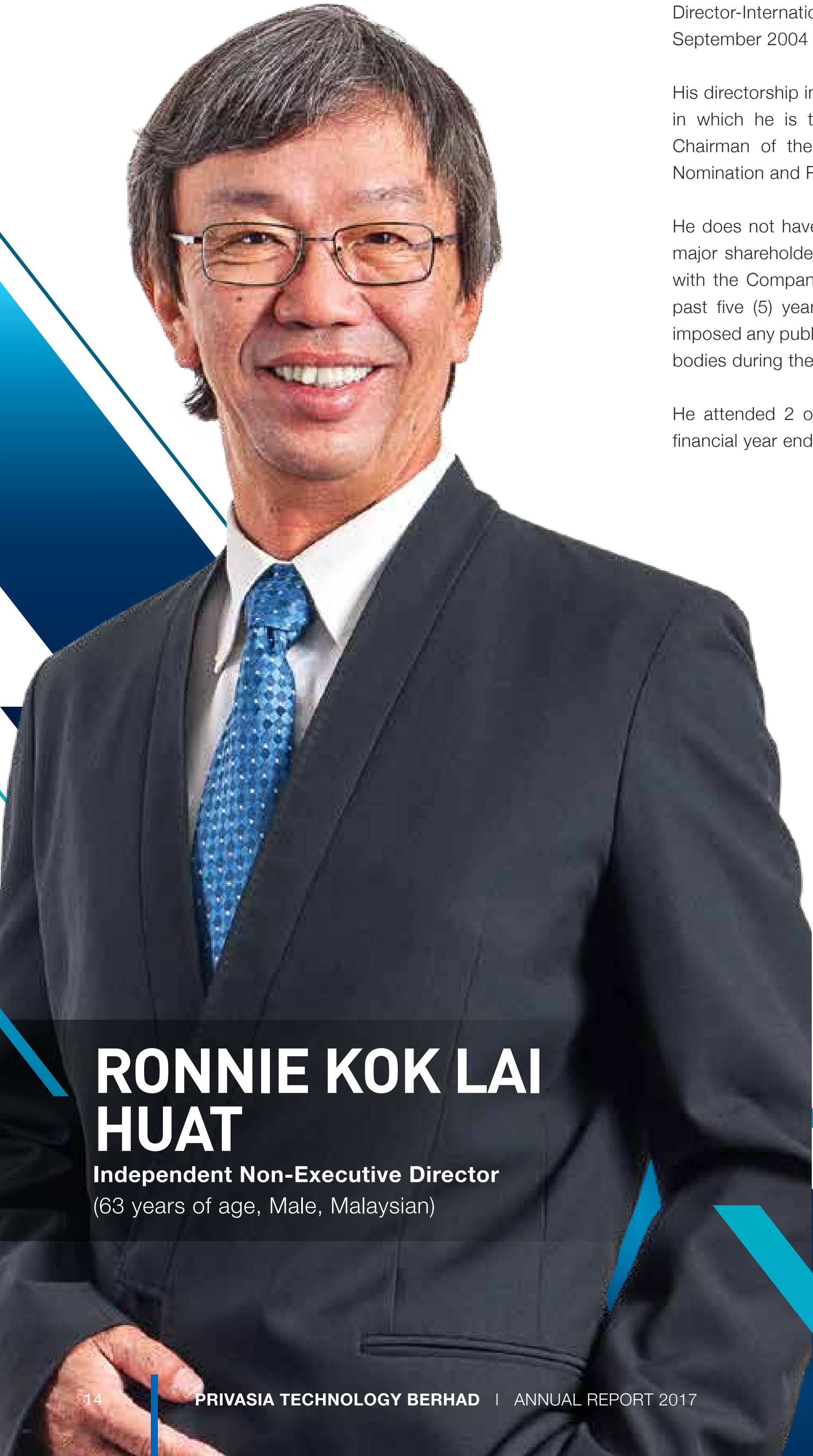
He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2017.



BRIAN WONG WYE PONG

Independent Non-Executive Director

(45 years of age, Male, Malaysian)



RONNIE KOK LAI HUAT

Independent Non-Executive Director

(63 years of age, Male, Malaysian)

Mr. Ronnie Kok Lai Huat was appointed as an Independent Non-Executive Director of Privasia Group on 5 July 2017. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committe.

He graduated with a Degree in Business Administration from the University of Strathclyde, Scotland, United Kingdom.

He was Vice President of JT International Tobacco Company (formerly R.J. Reynolds Tobacco Company) from July 1996 to February 2002. Subsequent to this, he was the Marketing Director of Sampoerna Malaysia from June 2002 to August 2004 and thereafter Director-International Marketing of Sampoerna International from September 2004 to January 2007.

His directorship in other public company is in Time dotcom Berhad in which he is the Senior Independent Non-Executive Director, Chairman of the Audit Committee and a member of both the Nomination and Remuneration Committee and Tender Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2017.

He attended 2 out of 2 Board Meetings which were held in the financial year ended 31 December 2017.

Dato' Sharil was appointed as an Independent Non-Executive Director of Privasia Group on 5 July 2017. He is the Chairman of the Investment Committee and a member of the Nomination and Remuneration Committee.

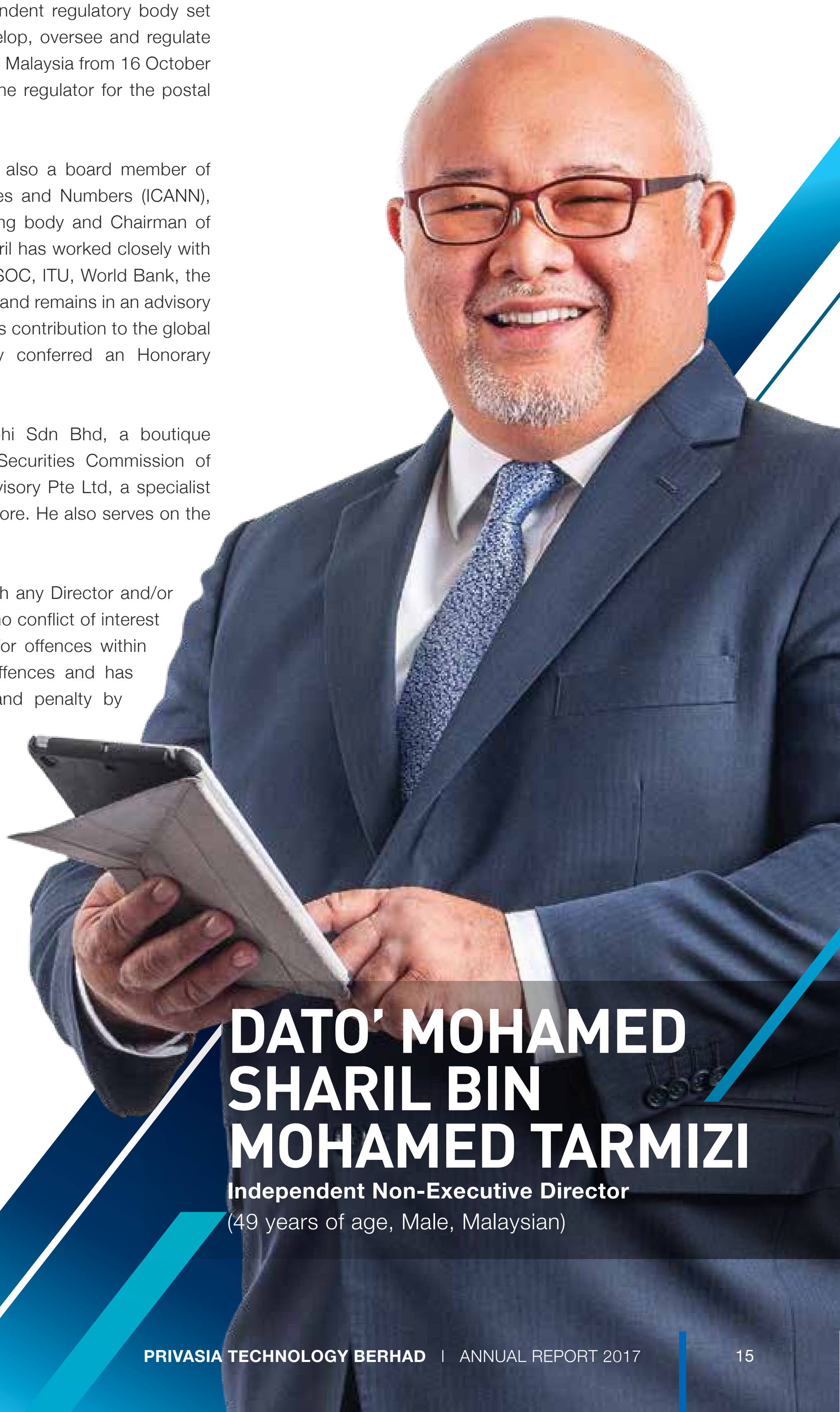
He graduated with an LL.B(Hons) from University College of Wales, Aberystwyth and is a Barrister at Law, Gray's Inn, London. He was also called to the Malaysian Bar and was formerly an Advocate & Solicitor of the High Court of Malaya practising with Azman Davidson & Co and Zaid Ibrahim & Co early in his career before becoming a partner in an investment advisory firm called BinaFikir Sdn Bhd which was eventually acquired by Maybank Berhad. Thereafter, he held the position of Chairman and Chief Executive of the Malaysian Communications and Multimedia Commission (MCMC), an independent regulatory body set up by a Malaysian Act of Parliament to develop, oversee and regulate the communications and multimedia sector in Malaysia from 16 October 2011 to 31 December 2014 and was also the regulator for the postal and courier industry during the same period.

In the international arena, Dato' Sharil was also a board member of the Internet Corporation for Assigned Names and Numbers (ICANN), the global Internet domain name coordinating body and Chairman of ICANN's GAC from 2004 to 2007. Dato' Sharil has worked closely with international organizations such as ICANN, ISOC, ITU, World Bank, the WTO, APT, PITA, CTO, IIC, UPU and UNICEF and remains in an advisory capacity to some of them. In recognition of his contribution to the global internet community, Aberystwyth University conferred an Honorary Fellowship to him in 2017.

He is presently the Chairman of Quantephi Sdn Bhd, a boutique investment advisory firm licensed by the Securities Commission of Malaysia and a Senior Advisor to Asean Advisory Pte Ltd, a specialist advisory and consulting firm based in Singapore. He also serves on the Board of Directors of LotusCars UK.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2017.

He attended 2 out of 2 Board Meetings which were held in the financial year ended 31 December 2017.

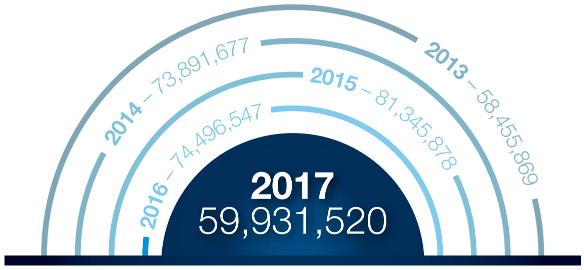


DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI

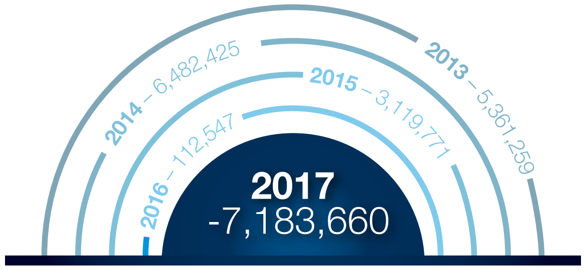
Independent Non-Executive Director

(49 years of age, Male, Malaysian)

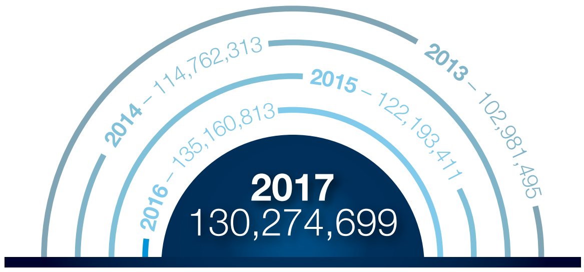
5 YEARS GROUP FINANCIAL HIGHLIGHTS



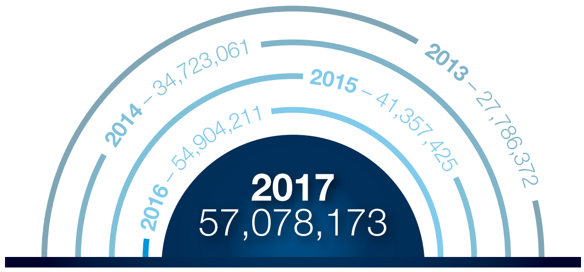
OPERATING REVENUE



NET (LOSS)/ PROFIT ATTRIBUTABLE TO EQUITY HOLDERS



TOTAL ASSETS



TOTAL LIABILITIES

(LOSS)/ EARNINGS PER SHARE (SEN)

GROSS DIVIDEND PER SHARE (SEN)

	2017 (RM)	2016 (RM)	2015 (RM)	2014 (RM)	2013 (RM)
Operating Revenue	59,931,520	74,496,547	81,345,878	73,891,677	58,455,869
Operating (Loss)/ Profit	-3,573,588	4,100,653	3,840,570	9,812,299	10,761,310
(Loss)/ Profit Before Tax	-5,302,309	3,208,974	3,307,849	9,356,900	9,901,552
(Loss)/ Profit After Tax	-7,060,076	337,016	2,192,234	6,438,729	5,417,821
Net (Loss)/ Profit Attributable to Equity Holders	-7,183,660	112,547	3,119,771	6,482,425	5,361,259
Total Assets	130,274,699	135,160,813	122,193,411	114,762,313	102,981,495
Total Liabilities	57,078,173	54,904,211	41,357,425	34,723,061	27,786,372
Shareholders Equities	73,257,953	80,441,613	81,445,466	79,721,195	74,913,370
Net Assets per Share (RM)	0.13	0.14	0.15	0.14	0.13
(Loss)/ Earnings per Share (Sen)	-1.29	0.02	0.56	1.16	0.96
Gross Dividend per Share (Sen)	0.00	0.00	0.20	0.25	0.30

MANAGEMENT DISCUSSION AND ANALYSIS

Dear shareholders,

I would like to present the Management Discussion & Analysis for the financial year ended 31 December 2017, on behalf of the Board of Directors of Privasia Technology Berhad ("Privasia" or "the Group").

The Malaysian Gross Domestic Product grew 5.9% for 2017, as the services, manufacturing, agriculture and construction sectors recorded steady growth. The services sector was underpinned by wholesale and retail trade, as well as information and communication sub-sectors, contributed by increase in demand for data communication and computer services.

The Information Technology ("IT") sector noted the growing impact of digital business that enables substantial flexibility in facilitating transactions on-demand, and the trend of corporations favouring next-generation solutions that combine software, services and intellectual property (IP).

Operations Review

FY2017 marked a change in Privasia's strategy, as it consolidated its business segments, focusing more on the Group's core competency of developing products with strong IP.

- **IT Segment**

  The Group's IT segment comprises IT infrastructure outsourcing, consultancy and systems integration, and has been the Group's core business since its inception.

  Privasia continued to fulfil its ongoing outsourcing works to clients, and in fact, recorded higher billings from our customer base during the year. At the same time, the Group undertook the strategic decision to reduce acceptance of lower-margin systems integration jobs and carry out fewer e-Bidding events, in favour of reallocating resources towards higher-value product development and project implementation.

  The bulk of our efforts and energy were devoted into assiduously enhancing our in-house developed procurement solution "ProcureHere". This culminated in the successful launch of ProcureHere version 7.0 in September 2017, the seventh edition of the solution since its first deployment in 2002.

  Amongst other key benefits, ProcureHere version 7.0 is a cloud-based platform, simultaneously offering users 24/7 accessibility and streamlined processes for e-bids anywhere in the world, at a much lower subscription-based cost compared to incurring hefty one-time setup fees in the past. Businesses have been proven to achieve an average of 17% cost savings per event through e-sourcing, hence cementing our value proposition. Version 7.0 of ProcureHere also has data push capability to Enterprise Resource Planning systems for real-time interactivity and decision making. The ProcureHere platform has served blue-chip companies from a myriad of sectors thus far, including banking, ports, utilities and transportation; hence attesting to its technical capabilities.

  Privasia also pursued more sales for its in-house-developed Port Solution in FY2017, which has the ability to help ports with multiple operations globally employ a single-system for optimal efficiency. Since adopting a new approach in FY2017 to "productise" our offerings instead of merely deliver a service, Privasia secured our first contract from Lumut Maritime Terminal Sdn Bhd to supply, deliver, implement, test, and commission the Port Management Information System in Perak.

  Resulting from our strategic shift to focus on product development in the year under review, the IT segment of the Group experienced a slight decrease to RM36.1 million in revenue for FY2017, compared to RM38.4 million in FY2016. The segment recorded profits before tax of approximately RM1.5 million, as opposed to RM8.3 million in FY2016, due to Group's market penetrative efforts for its IP based solutions of ProcureHere and Port Solution.

- **Information Communications Technology ("ICT") Segment**

  The Group's ICT segment entails the provision of wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, as well as systems development for ICT and mobile solution providers and enterprises.

  The Group adopted a paradigm shift for this segment to bid for higher-value network engineering and related services projects directly from telecommunication service providers, instead of obtaining secondary system integration projects. In doing so, the Group sacrificed short-term revenue growth to adopt a longer-term approach of building a more favourable project mix.

  Therefore, the ICT division recorded RM20.1 million in revenue for FY2017, in contrast to RM27.2 million in FY2016, mainly due to completion of projects for the telecommunications sector. Despite this segment noting impairment of trade receivables and inventory write-down, which resulted in losses of RM0.6 million for FY2017, it outperformed the RM0.8 million segment loss of FY2016.

- **Satellite-Based Services (SAT) Segment**

  The Group's SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the general public as well as the commercial and retail sector.

  Overall, the Group understands that the SAT segment requires substantial investment and gestation period for it to flourish, and therefore holds a long-term view of the viability of this business in line with the industry changes. To this end, we transformed our customer base to focus on building a higher quality clientele, and sought to build strong partnerships to improve our service offerings further. Simultaneously, the Group introduced cost management measures by renegotiating prices with suppliers and customers, on top of customer optimization initiatives.

  In realigning its operations, FY2017 saw the segment contribute RM3.7 million in revenue in contrast to the RM8.9 million recorded in FY2016, and operating loss of RM5.8 million for FY2017, versus RM5.7 million operating loss in FY2016.

Financial Review

Cumulatively, Privasia recorded RM60.0 million revenue in FY2017, a 19.5% decline from FY2016's revenue of RM74.5 million. Gross profits in FY2017 stood at RM22.9 million, registering a decrease from RM27.0 million in FY2016.

However, gross margins improved from 36.2% in FY2016 to 38.2% in FY2017, despite lower revenue, due to our focus on high-margin projects as well as the deliberate and strategic shift as the main project implementer instead of being the subcontractor.

Privasia's repositioning of its segmental priorities and optimization of its clientele necessitated requisite investments in human and technological capital. The lower revenue, larger cost base and rising finance costs resulted in a net loss of RM7.1 million in FY2017, compared to the net profit of RM0.3 million in FY2016.

Further to this, the Group also made a one-off write-down for an investment amounting to RM0.5 million during the year. While this was in line with the Group's financially-prudent stance, we see potential value in the investment's IP, and are currently undertaking renegotiations with existing shareholders to rebuild the business in the future. We endeavour to play a bigger role in the investment going forward, through further technological and business enhancement.

All in all, the Group's incurring of net loss in the year under review was an exception. Our realignment of the various activities were strategic and we believe our calculated measures will strengthen Privasia and usher us into the era of renewed focus on our core strengths, to stand on sturdier footing in the coming years.

In terms of its financial position, the Group had RM12.2 million in deposits, cash and bank balances as at 31 December 2017, compared to RM10.9 million as at 31 December 2016.

Loans and borrowings increased to RM36.7 million in FY2017 from RM30.2 million in FY2016, on account of enlarged working capital requirements for the delivery of IT and ICT projects.

The net gearing ratio for the Group stood at 25% as at 31 December 2017, still a manageable level from 19% a year ago.

Industry Outlook

Bank Negara Malaysia has forecast Malaysia's GDP to grow between 5.5% to 6.0% in 2018, driven by domestic consumer demand as well as the private sector.

In the technology space, the IT Services and Communications Services segments are still expected to maintain their moderate growth pace of 4.5% in 2018, with the combined segments still accounting for nearly 70% of Malaysia's IT spending.

Growth Strategy

The Group's order book stands at RM83 million, which will ensure job continuity until 2021. We have an enormous desire to expand in these coming years, and are taking the necessary steps to realise this vision.

- **Accelerating Awareness for IP products in the IT Segment**

  For our IT segment in FY2018, we intend to create and accelerate greater awareness of our in-house developed IP products such as ProcureHere and Port Solution, leveraging on our track record of successful cases across multiple events. Through this, we intend to enhance our product mix towards a higher-margin portfolio in addition to stamping our mark as a customer-centric technology product developer.

  Prospects for ProcureHere are expected to bode well with large corporations and small-medium enterprises' fervent desire for transparency and cost savings, on top of access to wide supplier database and low investments. The Port Solution on the other hand will appeal to big and medium sized ports all over the world.

  We are continuously seeking to expand our customer base for our solutions in the domestic arena, and endeavour to work with regional partners to enter new business opportunities.

- **Expanding Cooperation with Telecommunication Service Providers in the ICT Segment**
  For the ICT segment, we not only aim to maintain our practice of working directly with telco companies and key principals, but also expand our scope of services to support their service enhancement initiatives beyond network optimization into other engineering services and the like.

  The Group intends to tender for more projects and maintain its track record in successfully delivering projects nationwide to all major telcos.

- **Optimization and Realigning of Strategies in the SAT Segment**
  The Group has stated its commitment to growing the SAT business, and recognise that we are only at the initial phase of the streamlining exercise. We will continue to rightsize operations, with the overall objective of optimizing our customer portfolio. We look to increase our customer and site acquisition initiatives to broaden our earnings in the future, with an eye towards expanding capacity at the appropriate time.

All said, we at Privasia have undertaken the difficult-but-imperative decisions to build a stronger platform for the business to improve from hereon.

Appreciation

I would like to express my sincerest thanks to the Board, management team and all of our employees for your dedication towards ensuring the continuity of our Group's performance despite all the challenges and hurdles thus far.

Our appreciation also goes to our clients, business associates, shareholders and other stakeholders for their unconditional support to the Group. We at Privasia will build on our strong collaborations and expertise towards creating a sustainable future.

Thank you.

Datuk Ali Bin Abdul Kadir
Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognises Corporate Governance as being vital and important to the success of Privasia Technology Berhad Group of Companies ("the Group") businesses. The Board is therefore committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance (the "Code") and ensures that standards of corporate governance are being observed to realise the objective of increasing the shareholders' value and continued sustainability and long-term performance of the Group.

The Code is based on three key principles of good corporate governance, which are:

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

The Board is pleased to present the following statement which outlines the key aspects of how the Group has applied the Principles and Practices set out in the Code during the year under review.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Practice 1.1: Company's Leadership and Strategic Aims

The Board of Directors and Board Structures

The Group is governed by the Board who is accountable to stakeholders for the strategic direction and the pursuit of value creation for shareholders. The Board is primarily responsible for ensuring that the principles of good corporate governance are practiced and appropriate corporate governance structure is in place. An effective Board leads and controls the Company. The current composition of the Board is as follows:

- Datuk Ali Bin Abdul Kadir (Chairman/ Independent Non-Executive Director)
- Puvanesan a/l Subenthiran (Managing Director/ Chief Executive Officer)
- Andre Anthony a/l Hubert Rene (Executive Director/ Deputy Chief Executive Officer)
- Brian Wong Wye Pong (Independent Non-Executive Director)
- Ronnie Kok Lai Huat (Independent Non-Executive Director)
- Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director)

The Board assumes, amongst others, the following duties and responsibilities:

I. reviewing and adopting the overall strategic plans and programmes for the Company and Group;
II. overseeing and evaluating the conduct of business of the Company and Group;
III. identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
IV. establishing a succession plan;
V. developing and implementing a shareholder communication policy for the Company;
VI. reviewing the adequacy and the integrity of the management information and internal controls systems of the Company and Group;
VII. declaration of dividends;
VIII. approval of financial results; and
IX. the board delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.

The following are matters which are specifically reserved for the Board:

I. approval of corporate plans and programmes;
II. approval of annual budgets, including major capital commitments;
III. approval of new ventures;
IV. approval of material acquisition and disposals of undertakings and properties;
V. change to the management and control structure within the Company and its subsidiaries ("the Group"), including key policies, delegated authority limits; and
VI. review and update the Whistle-Blowing Policy.

The Board has delegated certain responsibilities to Board Committees with clearly defined terms of reference to assist in discharging its duties. The current Board Committees include the Audit and Risk Management Committee, the Nomination and Remuneration Committee and the Investment Committee. The Chairman of the respective Board Committees will report and table to the Board their respective recommendations for consideration and adoption.

The current composition of each Board Committee is as follows:

Audit and Risk Management Committee

Members

- Brian Wong Wye Pong (Independent Non-Executive Director) - Chairman
- Datuk Ali Bin Abdul Kadir (Independent Non-Executive Director)
- Ronnie Kok Lai Huat (Independent Non-Executive Director)

Nomination and Remuneration Committee

Members

- Ronnie Kok Lai Huat (Independent Non-Executive Director) - Chairman
- Brian Wong Wye Pong (Independent Non-Executive Director)
- Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director)

Investment Committee

Members

- Dato' Mohamed Sharil Bin Mohamed Tarmizi(Independent Non-Executive Director) – Chairman
- Brian Wong Wye Pong (Independent Non-Executive Director)
- Puvanesan a/l Subenthiran (Chief Executive Officer/ Managing Director)
- Andre Anthony a/l Hubert Rene (Deputy Chief Executive Officer/ Executive Director) – Alternate to Puvanesan a/l Subenthiran

Practice 1.2: Responsibilities of the Chairman

The Chairman of the Board is responsible for leadership of the Board in ensuring the effectiveness of all aspects of the Board's role and responsibilities. The position of the Chairman is currently helmed by Datuk Ali Bin Abdul Kadir who is an Independent Non-Executive Director.

The Chairman is responsible for:

I. leading the Board in setting the values and standards of the Company, including establishing and monitoring good corporate governance practices;
II. managing interface between board and management, including maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
III. setting the board agenda and ensuring the provision of accurate, timely and clear information to members of the Board;
IV. ensuring effective communication with shareholders and relevant stakeholders;
V. arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
VI. facilitating the effective contributions of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;
VII. facilitating the ongoing development of all Directors.

Practice 1.3: Separation of the positions of the Chairman and CEO

The positions of the Chairman and CEO are held by two separate distinct individuals. The current CEO who also act as the Managing Director is Mr. Puvanesan a/l Subenthiran.

The separation of the Chairman and the CEO with clear and distinct division of responsibilities ensures a proper balance of power and authority, as well as to enhance governance and transparency. The Chairman leads the Board in setting values and standards of the Group and is responsible for the effective conduct of the Board, whilst the CEO has overall responsibility on the business and day-to-day management of the Group.

The CEO's roles amongst others includes the following:

I. being the conduit between the Board and the Management in ensuring the success of the Groups' governance and management functions;
II. accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group; and
III. implementing the policies, strategies and decisions adopted by the Board.

Practice 1.4: Company Secretaries

The role of the Company Secretaries are currently held by Ms. Wong Chow Lan and Ms. Foo Li Ling, who are both registered with the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretaries. The Company Secretaries give clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Securities ACE Market Listing Requirements.

The Company Secretaries attend and ensure that all Board meetings are properly convened and those accurate and proper records of the proceeding and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committee, and between the Non-Executive Directors and Management.

Practice 1.5: Information and Support to the Board

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, in discharging their duties, the Directors need to have full and timely access to all information concerning the Company and the Group. All Board meetings held were preceded by a notice issued by the Company Secretaries. Prior to each Board meeting, the agenda together with relevant reports and Board papers would be circulated to all Directors in sufficient time (five days) to enable effective discussions and decision-making during Board meetings. In addition, the Board is also notified of any corporate announcements released to Bursa Securities.

All minutes of meetings are confirmed by the Board and respective committee members to ensure the deliberations and decisions of the Board are accurately reflected, including whether any director abstained from voting or deliberating on a particular matter. The Chairman of the Board and the Chairman of the respective committees signs off the confirmed minutes for record keeping and safeguarding purposes.

The Directors have full access to the advice and services of the Company Secretaries, the senior management staff, the external auditors and other independent professionals at all times in discharging their duties and responsibilities.

Practice 2.1: Board Charter

The Board has formalised a Board Charter to ensure that the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company. The Board Charter serves not only as a reminder of the Board's roles and responsibilities but also acts as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities. The Board Charter is available in the Company's website at www.privasia.com.

Practice 3.1: Code of Conduct and Ethics

The Board recognises its role in establishing ethical values that support a culture of integrity, fairness, forthrightness, trust and pursuit of excellence. This is formalised via Code of Ethics and Conduct that is periodically reviewed and adhered by all Directors and employees of the Group. The Code of Ethics and Conduct is available in the Company's website at www.privasia.com. The core areas of conducts under the Code of Ethics and Conduct include the followings:

I. conflict of interest;
II. confidential information;
III. inside information and securities trading;
IV. protection of assets;
V. business records and control;
VI. compliance to the law;
VII. personal gifting and contribution;
VIII. health and safety;
IX. sexual harassment;
X. outside interest;
XI. fair and courteous behaviour; and
XII. misconducts.

Practice 3.2: Whistleblowing

To encourage the reporting of genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation, the Board has in place a Whistleblowing Policy which sets out avenues where legitimate concerns can be objectively addressed. The Whistleblowing Policy is available in the Company's website at www.privasia.com.

Practice 4.1: Board Composition

The Board currently comprises six (6) members; of whom two (2) are Executive Directors and four (4) are Independent Non-Executive Directors. The current size, composition and effective mix of Executive Directors and Independent Non-Executive Directors in the Board supports adequate objective and independent deliberation, review and decision making. In addition, the current Board composition of which majority are Independent Non-Executive Directors allows for more effective oversight of management and ensures that no individual or group of individuals dominates the Board's decision making process.

Practice 4.2 & 4.3: Independent Directors

The tenure of an Independent Director does not exceed a cumulative term of nine (9) years. However, upon completion of the nine 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 Director is to remain designated as Independent Directors, the Board shall first justify and obtain shareholders' approval.

During the year, the Board through the Nomination Committee assessed the independence of the independent directors based on the criteria set out in the Listing Requirement on an annual basis. The Board is satisfied with the level of independency demonstrated by the four Independent Non-Executive directors and their ability to act in the best interest of the Company.

Practice 4.4: Appointment of Board and Senior Management

In maintaining a competitive advantage, the Board recognises the importance of having a range of different skills, background and experience among its Directors and Senior Management. The Directors are from diverse professional and business backgrounds with a wide range of academic and professional qualifications, business and financial experience relevant to lead the Group's business activities and as such, are able to effectively discharge their duties and responsibilities on the matters or issues of strategic planning, performance evaluation, resource allocation, setting of standards of conduct, identifying principal risks, reviewing internal control systems etc.

Appointment of new Board members, resignation of existing members, as well as the re-election of the Directors are approved by the Board upon the recommendation of the Nomination and Remuneration Committee. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

All Directors are required to submit themselves for re-election by rotation at least once in every three (3) years at each Annual General Meeting (AGM). Newly appointed Directors shall hold office until the AGM following their appointment and shall then be eligible for re-election by shareholders.

The Articles of Association also requires that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every three (3) years from date of appointment in compliance with the Listing Requirements of the Bursa Securities.

During the year, the appointment, retirement and resignation of Directors were as follows:

- Mr. Ronnie Kok Lai Huat (Appointed as Independent Non-Executive Director on 05.07.2017)
- Dato' Mohamed Sharil Bin Mohamed Tarmizi (Appointed as Independent Non-Executive Director on 05.07.2017)
- En. Asgari Bin Mohd Fuad Stephens (Retired as Independent Non-Executive Director on 20.06.2017)
- Datuk Mohd Aqliff Shane Abdullah (Resigned as Non-Independent Non-Executive Director on 20.06.2017)

Diversity composition of the current Board Members are as follows:

	Diversity	Number	%
Directorship	Independent Non-Executive	4	67%
	Executive	2	33%
Gender	Male	6	100%
	Female	0	0%
Age Group	40-49 years	4	67%
	60 years and above	2	33%
Ethnicity	Bumiputera	2	33%
	Chinese	2	33%
	Indian	2	33%

Practice 4.5: Gender Diversity

The Group is an equal opportunity employer and provides equal opportunities for all employees with no discrimination of age, race, religion, disabilities or gender.

The Board acknowledges that gender diversity will encourage more constructive debates, leading to better decisions made. Several key positions in the Group are held by women. The Board together with the Nomination and Remuneration Committee is actively seeking out for suitable women candidates. The Board has yet to implement gender diversity policies as we have yet to find a suitable candidate.

Practice 4.6: Identification of Candidates for Appointment of Directors

The Board uses a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. In identifying suitable candidates the Nomination and Remuneration Committee may use open advertising or the services of external advisers to facilitate the search.

During the year, two (2) Directors were recommended and referred to Board via the Company's business contact. The Nomination Committee performed an assessment of the skills, background and experience of these two (2) individuals and subsequently recommended their appointment to the Board.

Practice 4.7 & 6.2: Nomination and Remuneration Committee

During the year the Board had decided to merge the Nomination Committee and Remuneration Committee into a new committee, to be known as the Nomination and Remuneration Committee which comprises exclusively of Independent Non-Executive Directors. Mr. Ronnie Kok Lai Huat was re-designated to chair this new Nomination and Remuneration Committee.

The Terms of Reference of the Nomination and Remuneration Committee in relation to its authority and duties which is available in the Company's website at www.privasia.com.

Practice 5.1: Board, Board Committees and Individual Director's Evaluation

Formal objective assessment to determine the effectiveness of the Board, Board Committees and Individual Directors are carried out annually. The Nomination Committee upon its annual assessment on the Board, Board Committees and individual Director's carried out for the financial year ended 31 December 2017, was satisfied that:

I. The size and composition of the Board and Board Committees are optimum with appropriate mix of knowledge, skills, attributes and core competencies;
II. The Board and Board Committees have been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the operations;
III. All the Directors continue to uphold the highest governance standards in their conduct and that of the Board;
IV. All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
V. The Independent Directors comply with the definition of Independent Directors as stated in the ACE Market Listing Requirements of Bursa Securities, where none of tenure of an independent director exceeds a cumulative of nine years, and therefore would be able to function as a check and balance and bring an element of objective to the Board; and

VI. The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as they hold either one or only a few directorship in public listed companies as described below:
- o Holdings only one directorship : 3 directors
- o Holdings two directorship : 1 director
- o Holdings three directorship : 2 directors

Practice 6.1: Remuneration Policies

The Group aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

The Nomination and Remuneration Committee is responsible to determine and agree with the Board the framework or broad policy for the remuneration. In determining such policy, the objective is to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. The current remuneration policies includes the following key features:

I. The level of remuneration for the CEO and Executive Directors is determined by the Nomination and Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysia public listed companies.

II. No Director other than the Executive Directors shall have a service contract with the Company.

III. No director or manager shall be involved in any decisions as to their own remuneration.

The remuneration policies are disclosed in the Board Charter which is available in the Company's website at www.privasia.com.

Practice 7.1: Directors Remuneration

The aggregate remuneration of the Directors for the financial year is as follows:

	Directors Fee and Allowances		Salaries and Others	
	Group	**Company**	**Group**	**Company**
Executive Directors	RM77,000	RM77,000	RM1,229,173	Nil
Non-Executive Directors	RM153,000	RM153,000	Nil	Nil

The number of Directors of the Company whose total remuneration during the year falling into the following bands are as follows:

	Number of Directors	
Range of remunerations during the year	**Executive**	**Non-Executive**
Below RM50,000	-	4
RM50,001 – RM100,000	-	-
RM600,001 – RM650,000	1	-
RM650,001 – RM700,000	1	-

The Board is in the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision.

Practice 7.2 & 7.3: Senior Management Remuneration

The range of remuneration of the top five (5) senior management's remuneration which includes salary and other emoluments are as follows:

Range of remunerations during the year	Number of senior management
RM150,001 – RM200,000	1
RM250,001 – RM300,000	2
RM600,001 – RM650,000	1
RM650,001 – RM700,000	1

Similar to the above practice, the Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 8.1: Chairman of the Audit and Risk Management Committee

During the year, there was a restructuring of the role of Chairman in the Audit and Risk Management Committee. Mr. Brian Wong Wye Pong, an Independent Non-Executive Director was re-designated from a Member of the Audit and Risk Management Committee to the Chairman, whilst Datuk Ali Bin Abdul Kadir was re-designated from the Chairman to a Member of the Audit and Risk Management Committee. The restructuring was done as having the positions of Chairman of the Board and Chairman of the Audit and Risk Management Committee assumed by the same person may impair objectivity of the Board's review of the Audit and Risk Management Committee's findings and recommendations.

Practice 8.2: Former Key Audit Partner Cooling-off Period

Currently there are no members of the Audit and Risk Management Committee who are former key audit partners of the Company. At this juncture, the Board has the view that the appointment of former key audit partner may exert significant influence over the audit. Should a former key audit partner be considered as a candidate for the Audit and Risk Management Committee, a cooling off period will be required before appointment.

Practice 8.3: External Auditor

Through the Audit and Risk Management Committee, the Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the Malaysian Financial Reporting Standards and Companies Act, 2016 in Malaysia. The interactions between the parties include the discussion of audit plan, audit findings and corrective actions, where appropriate and the conclusion of the financial statements. The Audit and Risk Management Committee meet at least two times with the external auditors without the presence of the Executive Directors and management.

The Audit and Risk Management Committee has assessed and is satisfied with the competency and independence of the external auditors. This assessment amongst others include:

I. ensuring auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners;
II. the resource capacity and competency of audit members assigned by the External Auditors;
III. the level of fees including non-audit services fees paid by the Company to the External Auditors;
IV. the timeliness and completion of the audit; and
V. obtaining written assurance from the External Auditors confirming independence throughout the conduct of the audit in accordance with the terms of all relevant professional and regulatory requirements.

The Audit and Risk Management Committee had recommended the re-appointment of the external auditors to the Board and thereafter to be tabled for the shareholders' approval at the forthcoming AGM.

Practice 8.4, 8.5 and 9.3: Audit and Risk Management Committee

As per the Terms of Reference of the Audit and Risk Management Committee, the composition of the Audit and Risk Management Committee requires a majority to be Independent Directors and at least one (1) member must be a member of the Malaysian Institute of Accountants ("MIA") or possess such qualification and/or experience as approved by Bursa Securities. The Chief Executive Officer shall not be a member of the Audit and Risk Management Committee. Having an Audit and Risk Management Committee that is financially literate and independent enable continuously application of critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge management's assertions on the Company's financials.

The current Audit and Risk Management Committee comprise solely of Independent Non-Executive Directors of which two (2) members are partner/ former partner of a professional audit firm and member of the MIA. One of the Member of Audit and Risk Management Committee is also a Chairman of the Audit Committee of another public listed company.

Additional information, including the Terms of Reference and summary of activities of the Audit and Risk Management Committee is presented in the Audit and Risk Management Committee Report on pages 29 to 30 of this Annual Report.

Practice 9.1: & 9.2 Risk Management and Internal Control Framework

The Board affirms its responsibility in identifying principal risks and ensuring implementation of a proper risk management system to manage such risks. The Board and the Audit and Risk Management Committee has put in place an Enterprise Risk Management ("ERM") Framework and internal control systems to effectively discharge its responsibility in managing risks and counter threats arising from these risks.

The ERM Manual is implemented with an aim to provide practical guidance for developing, implementing and enhancing the ERM framework. The ERM Manual is structured into sections to:

I. Provide a reference for the Board and Management on the concept, definition and processes of risk management of the Group;
II. Provide a guide for developing and implementing the ERM Framework to support the implementation of risk management requirements and enhance the practice of ERM throughout the Group; and
III. Provide details (including examples) of risk management processes, tools, templates and procedures that are customised for the development and implementation of the ERM Framework.

During the year, the Group undertook an exercise to update the ERM Manual including updating and assessing the risk profiles and detailed risk registers of the Group. The updated ERM Manual was used in developing the Internal Audit Plan to channel sufficient internal audit resources to high risks areas of the Group. Internal audit was carried out during the year based on the Internal Audit Plan, with results reported to the Audit and Risk Management Committee.

` Practice 10.1. & 10.2: Internal Audit

The mission of the Internal Audit Function is to provide independent and objective assurance and consulting function that adds values and improve the operations of the Group. It will assist the Group to achieve its objectives through systematically evaluating and improving the risk management, internal controls and corporate governance within the Group.

In discharging the Audit and Risk Management Committee's responsibilities of ensuring that the Internal Audit Function is effective and functioning independently, the Group's Internal Audit Function is outsourced to Wensen Consulting Asia (M) Sdn. Bhd. (the "Internal Auditors"), a professional consulting firm.

An Internal Audit Charter that is reviewed and approved by the Audit and Risk Management Committee is in place that defines the purpose of the Internal Audit Function, as well as the scope, authority and responsibilities. In the performance of responsibilities, the Internal Auditors adheres to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.

To uphold independence, the Internal Auditors independently reports directly to the Audit and Risk Management Committee and are not authorised to:

I. Perform any operational duties for the Group;
II. Initiate or approve accounting transactions; and
III. Direct the activities of the Group's employees, except to the extent that the employee has been appropriately assigned to assist the Internal Auditors.

Further details on the Internal Audit Function are reported in the Statement on Risk Management and Internal Control on page 31 to 33.

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

Practice 11.1: Stakeholders Communication

The Company strictly adheres to the disclosure requirements of Bursa Securities and recognises the importance of timely and equal dissemination of information to shareholders and stakeholders to fulfill transparency and accountability objectives. Corporate Disclosure Policy was established to ensure that communications to the public regarding the Group are timely, factual, accurate and complete. Another key channel of communication with the shareholders, investors and the investment community at large is the Group's investor relations function. The institutional shareholders, fund managers, research analysts and substantial shareholders have a direct channel and are able to enter into a dialogue with the Company's representatives.

The Company also maintains a website (www.privasia.com) through which shareholders and members of the public in general can gain access to information about the Group.

Practice 11.2: Integrated Reporting

Integrated reporting enables concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. The Board acknowledges that having such reports benefits all stakeholders interested in an organisation's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.

The Company is not a Large Company under the Code and is not required to adopt integrated reporting. The Board will look into implementing integrated reporting in future.

Practice 12.1: Notice of Annual General Meeting

The AGM remains the principal forum for communication and dialogue with the shareholders of the Company. Shareholders are notified of the AGM and provided with a copy of the Company's Annual Report at least twenty-eight (28) days before the date of the AGM.

Practice 12.2: Directors' Attendance of Annual General Meeting

The entire Board is committed to attend the AGM. During the AGM, the Board members are prepared to respond to all queries and had undertaken to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Securities at the end of the meeting day.

Practice 12.3: Leverage of Technology

The Company does not have AGMs in remote locations and is normally conducted within the Group's Headquarters in Petaling Jaya, Selangor. For Shareholders that are not attending the AGM, they are allowed to appoint the Chairman or any person(s) as proxies to attend and vote on their behalf.

In consideration that the Company does not have a large number of shareholders, the Board is of the opinion that the use of an electronic voting system to tabulate votes for resolutions is not required at this juncture. The Board is of the opinion that the current practice of voting by poll, with an announcement of the detailed results showing the number of votes cast and against each resolution is sufficient to effectively and efficiently carry out the voting of resolutions. To foster better transparency, the poll is performed independently, with an Independent Scrutineer appointed to verify the polling procedures and observe that polling process is properly carried out. The Independent Scrutineer, will confirm the results of the polls before submission to the Chairman for announcement of the results.

ADDITIONAL INFORMATION

MEETING ATTENDANCE

The Board meets on a quarterly basis, with additional meetings convened as and when required. There were five (5) meetings held during the financial year and the attendances are as follows:

Name of Directors	Attendance
Datuk Ali Bin Abdul Kadir	5 / 5
Puvanesan a/l Subenthiran	5 / 5
Andre Anthony a/l Hubert Rene	5 / 5
Brian Wong Wye Pong	5 / 5

Name of Directors	Attendance
Asgari Bin Mohd Fuad Stephens (Retired on 20.06.2017)	3 / 3
Datuk Mohd Aqliff Shane Abdullah (Resigned on 20.06.2017)	3 / 3
Ronnie Kok Lai Huat (Appointed on 05.07.2017))	2 / 2
Dato' Mohamed Sharil Bin Mohamed Tarmizi (Appointed on 05.07.2017)	2 / 2

Audit & Risk Management Committee Meeting

Name of Directors	Attendance
Datuk Ali Bin Abdul Kadir	5 / 5
Brian Wong Wye Pong	5 / 5
Asgari Bin Mohd Fuad Stephens (Retired on 20.06.2017)	3 / 3
Ronnie Kok Lai Huat (Appointed on 05.07.2017)	2 / 2

Nomination Committee Meeting

Name of Directors	Attendance
Datuk Ali Bin Abdul Kadir	2 / 2
Brian Wong Wye Pong	2 / 2
Asgari Bin Mohd Fuad Stephens (Retired on 20.06.2017)	2 / 2

Remuneration Committee Meeting

Name of Directors	Attendance
Brian Wong Wye Pong	1 / 1
Puvanesan a/l Subenthiran	1 / 1
Dato' Mohamed Sharil Bin Mohamed Tarmizi (Appointed on 05.07.2017)	1 / 1

Investment Committee Meeting

Name of Directors	Attendance
Puvanesan a/l Subenthiran	3 / 3
Brian Wong Wye Pong	3 / 3
Asgari Bin Mohd Fuad Stephens (Retired on 20.06.2017)	1 / 1
Dato' Mohamed Sharil Bin Mohamed Tarmizi (Appointed on 05.07.2017)	2 / 2

Effective 21 November 2017, the Nomination Committee and Remuneration Committee merged into a new committee known as "Nomination and Remuneration Committee".

Directors' Training

Directors' training is an on-going process as Directors recognise the need to continually refresh and develop their knowledge and skills, and to update themselves on developments in the industry and business landscape in order for Group to remain competitive. All Directors have attended the Mandatory Accreditation Programme for Directors of PLCs.

During the financial year ended 31 December 2017, the Directors of the Company attended various forums, programmes, workshops and seminars as shown in the table below:

Directors	Details of Training
Datuk Ali Bin Abdul Kadir	• Business Foresight Forum 2017 • Introduction to Sustainability Reporting • New Investment Frontiers Talk
Puvanesan a/l Subenthiran	• Global Economy – Escape Velocity at Last? Outlook for ASEAN, especially Malaysia • Container Supplier Chain Conference • CommunicAsia 2017 • Corporate View with YB Khairy Jamaluddin ProcureCon Asia 2017 • CFO Conference 2.0 • YPO Cyber Security Event • YPO Virtual Reality • MIA Conference 2017
Andre Anthony a/l Hubert Rene	• The Global Transformation Forum • CommunicAsia 2017 • Strategic IQ: Creating Smarter Corporations • Terminal Operators Conference 2017

Brian Wong Wye Pong	• MIA Council Member • Companies Act 2016 Unlocked • The New Companies Act 2016-Embracing the Benefits & Opportunities for Small Medium Enterprise • GST Conference 2017 • AGM 2017 • Rising Up to the Challenges of Sustainability Reporting • Latest Developments MFRS 15 & MRFS 16 • MFRS Conference 2017 – The Future of Financial Reporting • Corporate Board Symposium 2017 • MIA International Accountants Conference 2017
Ronnie Kok Lai Huat	• Highlights of the Companies Act 2016
Dato' Mohamed Sharil Bin Mohamed Tarmizi	• Mandatory Accreditation Programme for Directors of PLCs

Directors' Responsibility Statement in Relation to the Financial Statements

The Board is aware of its responsibilities to the shareholders and the requirements to present a balanced and meaningful assessment of the Group's financial position, by means of the annual financial and quarterly report's statements and other published information.

The Directors are required to ensure that the financial statements of the Group and the Company are drawn up in accordance with the 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 state of affairs of the Group and the Company for the financial year ended 31 December 2017.

With assistance from the Audit and Risk Management Committee, the Board has reviewed both the financial and statutory compliance aspects of the Audited Financial Statements.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps that are reasonable to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Compliance with the Code

The Group has adopted in total 30 out of the total 36 practices which includes 2 out of the total 4 Step-Up practices. The explanation for departure of practices are as follows:

Practice	Explanation for departure
4.3	The Board does not have a policy which limits the tenure of its Independent Directors to nine years. In the event the Independent Directors are to remain designated as Independent Directors beyond nine (9) years, the Board shall first justify and obtain shareholders' approval.
4.5	The Board has yet to implement gender diversity policies as no suitable candidate has been identified. The Board together with the Nomination and Remuneration Committee is actively seeking out for suitable women candidates as Board Members.
7.1,7.2 & 7.3	Detailed disclosure on remuneration of individual directors, top five (5) senior management and each member of senior management on a named basis is not disclosed due to security and privacy reasons. The Board is of the opinion that disclosures presented above is sufficient to allow shareholders to make an informed decision.
11.2	The Company is not a Large Company under the Code and is not required to adopt integrated reporting.
12.3	The Company does not have a large number of shareholders nor conducts AGMs in remote locations.

The Board is satisfied that the Group has maintained high standards of Corporate Governance and had strived to achieve the highest level of integrity and ethical standard, in all its business dealings, including compliance with the Code throughout the financial year ended 31 December 2017.

The Corporate Governance Report ("CG Report") in a prescribed format by Bursa Malaysia which details the application of each Practice is available in the Company's website at www.privasia.com.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 25 April 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("the Committee") is pleased to present their report for the financial year ended 31 December 2017.

A. MEMBERSHIP

The present members of the Committee comprise:

■ Brian Wong Wye Pong (Redesignated to Chairman of the Committee on 05.07.2017)	Independent Non-Executive Director, the Chairman of the Committee
■ Datuk Ali Bin Abdul Kadir (Redesignated to Member of the Committee on 05.07.2017)	Independent Non-Executive Director
■ Ronnie Kok Lai Huat (Appointed on 05.07.2017)	Independent Non-Executive Director
■ Asgari Bin Mohd Fuad Stephens (Retired on 20.06.2017)	Independent Non-Executive Director

B. TERM OF REFERENCE

The terms of reference of the Committee which comprise details on Composition, Chairman, Secretary, Duties and Responsibilities is available in the Company's website at www.privasia.com.

C. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2017, a total of five (5) meetings were held and the details of attendances are set out below:

Name of Directors	Attendance
■ Brian Wong Wye Pong	5 / 5
■ Datuk Ali Bin Abdul Kadir	5 / 5
■ Ronnie Kok Lai Huat (Appointed on 05.07.2017)	2 / 2
■ Asgari Bin Mohd Fuad Stephens (Retired on 20.06.2017)	3 / 3

The Company Secretary was present at all meetings. The meetings were appropriately structured throughout the use of agendas.

Summary of Activities

The following activities were carried out by the Committee during the financial year under review:

I. Reviewed the quarterly unaudited financial results and the annual audited financial statements for recommendation to the Board;

II. Reviewed with the external auditors the Audit Planning Memorandum and the scope of work for the year;

III. Considered the Internal Audit function of the Group;

IV. Reviewed the internal audit reports to ensure that appropriate and prompt remedial action has been taken by Management on lapses in controls or procedures identified by internal auditors;

V. Reviewed the changes in major accounting policies;

VI. Reviewed significant or unusual events;

VII. Reviewed the compliance with accounting standards and other legal requirements;

VIII. Reviewed major audit findings raised by the external auditors and management's response, including the status of previous audit recommendations;

IX. Considered and recommended the appointment of internal and external auditors for the Board's approval;

X. Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control;

XI. Ensure outsourced internal audit function has adequate resources, consisting of people who are adequately skilled;

XII. Reviewed the updated Enterprise Risk Management Manual including updated risk profiles and detailed risk registers; and

XIII. Reviewed the Internal Audit Plan ensuring sufficient internal audit resources are channelled to cover key risks areas.

D. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Wensen Consulting Asia (M) Sdn. Bhd., a professional consulting firm, which provides support to the Committee in monitoring and managing risks and internal control systems of the Group.

The main role of the internal audit function is to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the internal control policies and procedures. All internal auditors' reports are deliberated by the Committee and recommendations made are acted upon.

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on page 31 to 33.

The total costs incurred for the internal audit function of the Company for the financial year was RM36,000.

This report was made in accordance with a resolution of the Board passed on 25 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2017. This Statement is prepared pursuant to paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and in accordance with the Principles and Best Practices provisions relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("Code"). This Statement is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. This process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

The Board is assisted by management in implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

The key features of the risk management and internal control systems are described below:

Risk Management

The Board recognises that risk management should be an integral part of the business operation.

The Group has in place risk profiles of major business units. Key risks of major business units were identified, assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. Risk profiles for the major business units were identified.

The risk profile of the major business units of the Group are being monitored by its respective key management staff and existing Enterprise Risk Management ("ERM") Framework of the Group is continuously assessed to identify enhancement required, if any. Key risks of the Group are discussed at Management and Board Meetings.

Existing Enterprise Risk Management ("ERM") Framework of the Group has been assessed to identify enhancement required. This is to ensure a robust and sustainable ERM framework is aligned with the Group's vision and missions, as the Group firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value.

Internal Control

The Board receives and reviews quarterly reports from the management on key financial data, and regulatory matters. This is to ensure that matters that require the Board and management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a budgeting system that requires preparation of the annual budget by all major business units. The annual budgets which contain financial, operating targets and performance indicators are reviewed and approved by the Executive Directors together with the management before being presented to the Board for final review and approval.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. Further independent assurance is provided by the Group internal audit function and the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:

- Established organisation structure with clearly defined lines of responsibilities, authority limits, and accountability aligned to business and operations requirement;
- Quarterly review of the financial performance of the Group by the Board and the Audit and Risk Management Committee;
- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Management meetings are held where policies, decisions and expected operational performance targets and objectives set are communicated and executed;
- Risk management principles, policies, procedures are in place to reflect changing risks or resolve operational deficiencies, and to ensure relevance and compliance with current or applicable laws and regulations. Cases of non-compliance to policies and procedures are reported to the Board and Audit and Risk Committee by exception;
- Investment Committee is established to manage the Group's investment portfolios within the Group strategy and risk frameworks;
- The Group has maintained recruitment, appraisal, reward and training programmes as the Board considers the integrity of staff at all level is of utmost importance. The Group's culture and values, and the standard of ethical behaviour and conduct it expects from the directors and employees have been communicated to them via letter of appointment and employee handbook;
- Insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group;
- Adopts a Whistle-Blowing Policy, providing an avenue for employees to report actual or suspected misconduct, malpractices or violations of the Group's policies in a safe and confidential manner;
- Enhancing the quality and ability of employees through training and development;
- Standardised policies and procedures are implemented to the financial and operational controls of the Group; and
- As computers are used for transmitting information and storing data, the Group maintains IT security controls such as user and password access rights and backup of data.

External Audit

In the course of conducting quarterly limited review and annual statutory audit, the external auditor will highlight any significant review, audit, accounting and internal controls matters which require attention to the Board and Audit and Risk Management Committee. In the quarterly Audit and Risk Management Committee meetings, the external auditor will provide views on any related matters for the attention of the Audit and Risk Management Committee. At least twice a year, the Audit and Risk Management Committee shall meet the external auditor without the Executive Directors and management being present. This year, the Audit and Risk Management Committee met twice with the external auditor without the Executive Directors and management being present.

Internal Audit Function

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit function assists the Board and Audit and Risk Management Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls.

The internal audit function of the Group is carried out according to an annual audit plan approved by the Audit and Risk Management Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are reported periodically to the Audit and Risk Management Committee.

The audit reports are reviewed by the Audit and Risk Management Committee and forwarded to the Management so that any recommended corrective actions could be undertaken. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame.

A total of RM 36,000.00 was spent on internal audit activities in 2017.

REVIEW BY BOARD

The Board considered the adequacy and effectiveness of the risk management and internal control process in the Group during the financial year.

A review on the adequacy and effectiveness of the risk management and internal control systems has been undertaken based on information from:

- Management within the organisation responsible for the development and maintenance of the risk management and internal control framework;
- Assessments of major business units and functional controls by respective management to complement the above input in providing a holistic view of the Group risk and control framework effectiveness; and
- The work by the internal audit function which submitted the Internal Audit Plan highlighting the key processes, which have been defined based on the Audit and Risk Management Committee's assessment on the Group's financial, operational, compliance, and information technology risks, and Internal Audit reports to the Audit and Risk Management Committee together with recommendations for improvement.

The Audit and Risk Management Committee will address and monitor the implementation of key action plans and any internal control weakness and ensure continuous process improvement.

In accordance to the Bursa's Guidelines, management is responsible to the Board for:

- identifying risks relevant to the business of the Group's objectives and strategies implementation;
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, taking action as appropriate and promptly bringing these to the attention of the Board.

There have been no significant weaknesses noted which have resulted in any material losses. The Group maintains on-going commitments to continue strengthening its risk management and internal control systems.

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

The Board considers the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

This statement is made in accordance with a resolution of the Board of Directors passed on 25 April 2018.

CORPORATE SOCIAL RESPONSIBILITIES STATEMENT

Privasia is committed to actively playing our role as a responsible corporate citizen. We believe a sustainable business should be carried out ethically, with integrity and enhances the value of all our stakeholders. We have identified three important pillars to support our initiative to build a sustainable business, namely the Workplace, the Environment and the Community.

Workplace

Our people form one of the core success factors of Privasia. In order to ensure the wellbeing of our employees, we strive to provide a safe and healthy workplace environment so that operations can be carried out efficiently. Annually, training and development programmes are held to enable employees realise their full potential.

Environment

We are also aware of the impact our operations have on the environment and being a responsible corporate citizen, we have taken active steps to reduce our carbon footprint. We have put in place policies to reduce energy consumption by switching off lights and air conditioning during non-peak hours, to print only when necessary, and to recycle used papers. In our efforts to promote a "green environment", recycle bins are provided at all floors of the Privasia's headquarters.

Community

Privasia is committed to supporting activities that enrich and enhance the lives of the larger community by promoting the spirit of sportsmanship.

Privasia is a proud sponsor of the Westports Malaysia Dragons, which were the champion of the ASEAN Basketball League ("ABL") of the 2015/2016 season. We hope that through this sponsorship we will be able to inspire the younger generation to adopt a healthy lifestyle and provide an avenue for these players to hone their skills and eventually become professional players.

The Dream Chaser program sponsored by us, serves as a platform for young talented drivers to develop their competitive racing skills and also to generate opportunities for them to progress to higher level of international racing. Amongst its achievement was winning the prestigious Sepang 1,000 km 2015, Independent Cup tournament.

Privasia is the official sponsor of Victoria Institution Rugby Club (VIRC) in hopes of inspiring the younger generation to achieve teamwork and success. VIRC or more commonly VI Blues is recognised as a rugby power house amongst Malaysian schools. Amongst its achievement in 2017 are, MSSKL under 15 and 18- State Champion, National Super Six 15S – National Champion, VI Premier 10s Under 15- Cup Champion, KGV 10s Under 14- Cup Champion and MSSKL 10s U13- State Champion.

In support of the development of COBRATS, a rugby program which focuses on junior sports, health and fitness centred around junior rugby, Privasia is the proud sponsor of the The 3rd annual COBRA 10s Mini Rugby Festival 2017 Invitational. The COBRATS managed to secure 1st place in the Under 6, Under 10 Girls and Under 12 Girls categories of the tournament.

In addition to the above, we supported numerous charitable programmes and bodies during the year.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. **Utilisation of Proceeds**
   During the financial year, the Group did not raise any funds from the public.

2. **Options, Warrants or Convertible Securities**
   The approval of the shareholders for the employees' share option scheme of up to ten (10) percent of the issued and paid-up share capital of the Company ('ESOS") was obtained at the extraordinary general meeting of the Company which was held on 12 March 2009. There were no options allocated during the financial year under review. Further, the Company did not issue any warrants and convertible securities during the financial year under review.

3. **Non-Audit Fee**
   During the financial year, the non-audit fee paid to the external auditors was RM47,000.00

4. **Material Contracts**
   There were no material contracts subsisting at the end of the financial year ended 31 December 2017 entered into by the Company and the Group, involving the interests of the Directors and major shareholders.

5. **Revaluation Policy on Landed Properties**
   The Group does not have a revaluation policy for its landed properties.

6. **Related Party Transactions**
   There are no significant related party transactions other than those disclosed in Note 25 in the financial statements.

REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT
The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES
The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group (RM)	Company (RM)
(Loss)/Profit for the financial year	**(7,060,076)**	**5,138,144**
Attributable to:		
Owners of the Company	(7,183,660)	5,138,144
Non-controlling interests	123,584	-
	(7,060,076)	**5,138,144**

DIVIDENDS
No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2017.

RESERVES OR PROVISIONS
There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS
Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps 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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS
Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS
At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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; and
II. any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group and of the Company 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 their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

I. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
II. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

- Andre Anthony a/l Hubert Rene*
- Brian Wong Wye Pong
- Datuk Ali Bin Abdul Kadir*
- Puvanesan a/l Subenthiran*
- Dato' Mohamed Sharil Bin Mohamed Tarmizi (Appointed on 5 July 2017)
- Ronnie Kok Lai Huat (Appointed on 5 July 2017)
- Asgari Bin Mohd Fuad Stephens (Retired on 20 June 2017)
- Datuk Mohd Aqliff Shane Abdullah (Resigned on 20 June 2017)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

- Azizul Rahman Bin Yeop Abdul Mutalib
- Cecilia Cham Hui Kung
- Prasad Kumar a/l Gnanaseygren
- Rubern a/l Perinbanayakham
- Sulaiha Binti Sawadi
- Thiagarajan a/l Tinakarun

DIRECTORS' INTERESTS

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

Interest in the Company

	Number of ordinary shares			
	At 1 January 2017	Bought	Sold	At 31 December 2017
Direct interests:				
Andre Anthony a/l Hubert Rene	10,828,700	-	-	**10,828,700**
Brian Wong Wye Pong	500,000	-	-	**500,000**
Datuk Ali Bin Abdul Kadir	18,530,400	-	-	**18,530,400**
Puvanesan a/l Subenthiran	15,611,400	-	-	**15,611,400**
Indirect interests:				
Andre Anthony a/l Hubert Rene *	156,549,520	-	-	**156,549,520**
Datuk Ali Bin Abdul Kadir *	1,666,000	-	-	**1,666,000**
Puvanesan a/l Subenthiran *	150,885,720	-	-	**150,885,720**

** Shares held through company in which the director has substantial financial interests.*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Andre Anthony a/l Hubert Rene and Puvanesan a/l Subenthiran are deemed to have interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The other director in office at the end of the financial year did not have any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 20 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is 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 TO DIRECTORS AND OFFICERS

Subject to the provisions of the Companies Act 2016, every director or other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Companies Act 2016 in which relief is granted to him by the Court in respect of any negligence, default breach of duty or breach of trust.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM5,000,000 and RM8,500 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 30 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 19 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

Datuk Ali Bin Abdul Kadir	**Puvanesan a/l Subenthiran**
Director	Director

Date: 25 April 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 (RM)	2016 (RM)	2017 (RM)	2016 (RM)
Assets					
Non-current assets					
Property, plant and equipment	5	**38,184,326**	41,425,238	**-**	-
Investment properties	6	**2,247,341**	2,273,936	**-**	-
Goodwill and other intangible assets	7	**39,441,481**	37,793,419	**-**	-
Investment in subsidiaries	8	**-**	-	**59,903,181**	58,403,181
Investment in an associate	9	**-**	-	**-**	-
Other investment	10	**-**	500,000	**-**	500,000
Deferred tax assets	11	**829,000**	1,073,987	**-**	-
Total non-current assets		**80,702,148**	83,066,580	**59,903,181**	58,903,181
Current assets					
Inventories	12	**1,872,966**	2,350,822	**-**	-
Trade and other receivables	13	**32,543,824**	37,478,805	**5,272,100**	7,805,552
Tax assets		**2,942,907**	1,336,335	**-**	-
Deposits, cash and bank balances	14	**12,212,854**	10,928,271	**24,444**	18,676
Total current assets		**49,572,551**	52,094,233	**5,296,544**	7,824,228
TOTAL ASSETS		**130,274,699**	135,160,813	**65,199,725**	66,727,409
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	**55,820,002**	55,820,002	**55,820,002**	55,820,002
Retained earnings		**17,437,951**	24,621,611	**8,105,080**	2,966,936
		73,257,953	80,441,613	**63,925,082**	58,786,938
Non-controlling interests		**(61,427)**	(185,011)	**-**	-
TOTAL EQUITY		**73,196,526**	80,256,602	**63,925,082**	58,786,938
Liabilities					
Non-current liabilities					
Loans and borrowings	16	**19,533,665**	18,652,377	**-**	-
Deferred tax liabilities	11	**3,672,000**	2,599,000	**-**	-
Total non-current liabilities		**23,205,665**	21,251,377	**-**	-
Current liabilities					
Loans and borrowings	16	**17,121,617**	11,573,912	**-**	-
Trade and other payables	17	**16,750,891**	22,078,922	**1,274,643**	7,940,471
Total current liabilities		**33,872,508**	33,652,834	**1,274,643**	7,940,471
TOTAL LIABILITIES		**57,078,173**	54,904,211	**1,274,643**	7,940,471
TOTAL EQUITY AND LIABILITIES		**130,274,699**	135,160,813	**65,199,725**	66,727,409

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 (RM)	Group 2016 (RM)	Company 2017 (RM)	Company 2016 (RM)
Revenue	18	**59,931,520**	74,496,547	**9,425,833**	5,356,742
Cost of sales		**(37,063,593)**	(47,502,721)	**-**	-
Gross profit		**22,867,927**	26,993,826	**9,425,833**	5,356,742
Other income		**790,143**	1,428,540	**83**	-
Other expenses		**(27,231,658)**	(24,321,713)	**(4,287,772)**	(3,416,572)
Operating (loss)/profit		**(3,573,588)**	4,100,653	**5,138,144**	1,940,170
Finance costs		**(1,728,721)**	(891,679)	**-**	-
(Loss)/Profit before tax	19	**(5,302,309)**	3,208,974	**5,138,144**	1,940,170
Tax expense	21	**(1,757,767)**	(2,871,958)	**-**	-
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		**(7,060,076)**	337,016	**5,138,144**	1,940,170
(Loss)/Profit attributable to:					
Owners of the Company		**(7,183,660)**	112,547	**5,138,144**	1,940,170
Non-controlling interests		**123,584**	224,469	**-**	-
		(7,060,076)	337,016	**5,138,144**	1,940,170
(Loss)/Earnings per share attributable to owners of the Company (sen):					
Basic and diluted	22	**(1.29)**	0.02		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Note	Attributable to owners of the Company				
		Share Capital (RM)	Retained Earnings (RM)	Total (RM)	Non-controlling Interests (RM)	Total Equity (RM)
At 1 January 2016		55,820,002	25,625,464	81,445,466	(609,480)	80,835,986
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		-	112,547	112,547	224,469	337,016
Transactions with owners						
Changes in ownership interests in a subsidiary		-	-	-	200,000	200,000
Dividends paid on shares	23	-	(1,116,400)	(1,116,400)	-	(1,116,400)
Total transactions with owners		-	(1,116,400)	(1,116,400)	200,000	(916,400)
At 31 December 2016		**55,820,002**	**24,621,611**	**80,441,613**	**(185,011)**	**80,256,602**
Total comprehensive loss for the financial year						
Loss for the financial year, representing total comprehensive loss		-	(7,183,660)	(7,183,660)	123,584	(7,060,076)
At 31 December 2017		**55,820,002**	**17,437,951**	**73,257,953**	**(61,427)**	**73,196,526**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

Company	**Note**	**Share Capital** (RM)	**Retained Earnings** (RM)	**Total Equity** (RM)
At 1 January 2016		55,820,002	2,143,166	57,963,168
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income		-	1,940,170	1,940,170
Transaction with owners	23			
Dividends paid on shares, representing total transaction with owners			(1,116,400)	(1,116,400)
At 1 December 2016		55,820,002	2,966,936	58,786,938
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income		-	5,138,144	5,138,144
At 31 December 2017		**55,820,002**	**8,105,080**	**63,925,082**

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Cash Flows from Operating Activities				
(Loss)/Profit before tax:	**(5,302,309)**	3,208,974	**5,138,144**	1,940,170
Adjustments for:				
Amortisation of intangible assets	**516,099**	259,039	**-**	-
Bad debts written off	**3,347**	6,060	**-**	-
Depreciation of investment property	**26,595**	152,647	**-**	-
Depreciation of property, plant and equipment	**10,459,976**	8,303,900	**-**	-
Gain on disposal of property, plant and equipment	**(1,322)**	-	**-**	-
Impairment loss on:				
- trade receivables	**920,032**	2,266,698	**-**	-
- other receivables	**-**	5,000	**-**	-
- other investment	**500,000**	-	**500,000**	-
Interest expense	**1,728,721**	891,679	**-**	-
Interest income	**(150,423)**	(76,124)	**-**	-
Inventories written down	**198,546**	-	**-**	-
Inventories written off	**26,322**	-	**-**	-
Property, plant and equipment written off	**4**	236	**-**	-
Reversal of impairment loss on trade receivables	**(28,158)**	(248,298)	**-**	-
Unrealised gain on foreign exchange	**(271,926)**	(575,802)	**-**	-
Operating profit before working capital changes	**8,625,504**	14,194,009	**5,638,144**	1,940,170
Changes in working capital:				
Inventories	**252,988**	867,447	**-**	-
Receivables	**4,095,198**	(3,950,358)	**2,053,371**	(2,918,937)
Payables	**(5,111,543)**	(4,130,175)	**30,092**	52,724
Net cash generated from/ (used in) operations	**7,862,147**	6,980,923	**7,721,607**	(926,043)
Interest paid	**(1,728,721)**	(891,679)	**-**	-
Interest received	**150,423**	76,124	**-**	-
Tax paid	**(2,046,352)**	(2,432,405)	**-**	-
Net cash from/(used in) operating activities	**4,237,497**	3,732,963	**7,721,607**	(926,043)

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

	Note	Group 2017 (RM)	Group 2016 (RM)	Company 2017 (RM)	Company 2016 (RM)
Cash Flows from Investing Activities					
Investment in a subsidiary		**-**	-	**(1,500,000)**	-
Issuance of ordinary shares to non-controlling interests of a subsidiary		**-**	200,000	**-**	-
Proceeds from disposal of property, plant and equipment		**2,003**	-	**-**	-
Purchase of intangible assets		**(2,164,161)**	(738,877)	**-**	-
Purchase of property, plant and equipment		**(6,865,232)**	(9,592,167)	**-**	-
Repayments from subsidiaries		**-**	-	**480,081**	2,055,999
Net cash (used in)/from investing activities		**(9,027,390)**	(10,131,044)	**(1,019,919)**	2,055,999
Cash Flows from Financing Activities					
Dividends paid		**-**	(1,116,400)	**-**	(1,116,400)
Drawdown of bankers' acceptances		**3,695,131**	324,326	**-**	-
Placements of pledged deposits		**(748,265)**	(859,430)	**-**	-
Proceeds from term loans		**6,951,983**	15,170,673	**-**	-
Proceeds from trade financing		**3,846,153**	-	**-**	-
Repayments of finance lease liabilities		**(3,515,023)**	(2,323,563)	**-**	-
Repayments of term loans		**(3,933,908)**	(9,016,185)	**-**	-
Repayments to subsidiaries		**-**	-	**(6,695,920)**	-
Net cash from/(used in) financing activities		**6,296,071**	2,179,421	**(6,695,920)**	(1,116,400)
Net increase/(decrease) in cash and cash equivalents		**1,506,178**	(4,218,660)	**5,768**	13,556
Cash and cash equivalents at the beginning of the financial year		**1,740,064**	5,958,724	**18,676**	5,120
Cash and cash equivalents at the end of the financial year	14	**3,246,242**	1,740,064	**24,444**	18,676

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

a. Reconciliation of liabilities arising from financing activities:

	1 January 2017 (RM)	**Cash flows** (RM)	**Non-cash Acquisition** (RM)	**31 December 2017** (RM)
Group				
Bankers' acceptances	324,326	3,695,131	-	4,019,457
Term loans	15,170,673	3,018,075	-	18,188,748
Finance lease liabilities	9,567,873	(3,515,023)	354,517	6,407,367
Trade financing	-	3,846,153	-	3,846,153
	25,062,872	7,044,336	354,517	32,461,725
Company				
Amounts owing to subsidiaries	7,848,765	(6,695,920)	-	1,152,845

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Privasia Technology Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Unit C-21-05, 3 Two Square, No.2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in Note (a) of the statements of cash flows.

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 January 2018
MFRS 3	Business Combinations	1 January 2019
MFRS 4	Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018 / Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

I. identify the contracts with a customer;
II. identify the performance obligation in the contract;
III. determine the transaction price;
IV. allocate the transaction price to the performance obligations in the contract;
V. recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The Amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

I. assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
II. reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.3.2 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and an associate used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

a. Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8(a).

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

b. Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

c. Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

d. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and an associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

3.3 Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

a. Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

I. Financial assets

<u>Loans and receivables</u>

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in the preceding category.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

II. Financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

b. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

c. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

I. the recognition of an asset to be received and the liability to pay for it on the trade date; and
II. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

d. Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

e. Offsetting of financial instruments

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

3.5 Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

b. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

c. Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	95 years
Computer equipment	3 – 5 years
Telecommunication and other equipment	3 – 5 years
Renovation	3 – 5 years
Motor vehicles	5 years
Other assets	1 year

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

d. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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 or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

a. Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

b. Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure their investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

For buildings, depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of 95 years.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill and other intangible assets

a. Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

b. Development costs

An intangible asset arising from development is recognised when the following criteria are met:

I. it is technically feasible to complete the intangible asset so that it will be available for use or sale;
II. management intends to complete the intangible asset and use or sell it;
III. there is an ability to use or sell the asset;
IV. it can be demonstrated how the intangible asset will generate future economic benefits;
V. adequate resources to complete the development and to use or sell the intangible asset are available; and
VI. the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.11(b).

c. Computer software

Computer software that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Computer software are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets for 3 to 5 years. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.11(b).

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on weighted average costs basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost 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.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.11 Impairment of assets

a. Impairment and uncollectibility of financial assets

At each reporting date, all financial assets are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

b. Impairment of 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 Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Employee benefits

a. Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick level and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

b. Defined contribution plan

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

3.14 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3.15 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

a. Rendering of services

Revenue is recognised in proportion to the stage of completion, unless they are incidental to the sale of product in which case they are recognised when the goods are sold. The stage of completion is assessed by reference to surveys of work performed to date as percentage of total services to be performed. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

b. Sales of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and when the significant risks and rewards of ownership have been transferred to the buyer, 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.

c. Interest income

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

d. Dividend income

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

e. Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

f. Management fee income

Revenue is recognised when services are rendered.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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.

3.17 Taxes

a. Income tax

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

I. Current tax

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

II. Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

b. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.20 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
b. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

a. Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 7.

b. Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 26(a).

c. Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 12.

d. Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group and the Company use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings (RM)	Computer equipment (RM)	Telecommunication and other equipment (RM)	Renovation (RM)	Motor vehicles (RM)	Other assets (RM)	Total (RM)
Cost							
At 1.1.2017	12,000,000	44,549,392	34,021,917	670,334	87,355	140,625	91,469,623
Additions	-	2,648,223	4,440,542	4,837	40,303	85,844	7,219,749
Disposals	-	(13,730)	(3,061,072)	-	-	-	(3,074,802)
Written off	-	-	(4,691)	-	-	-	(4,691)
At 31.12.2017	**12,000,000**	**47,183,885**	**35,396,696**	**675,171**	**127,658**	**226,469**	**95,609,879**
Accumulated depreciation							
At 1.1.2017	1,085,107	26,795,620	21,340,220	618,792	71,933	132,713	50,044,385
Charge for the financial year	127,659	5,900,172	4,309,359	21,751	20,794	80,241	10,459,976
Disposals	-	(13,314)	(3,060,807)	-	-	-	(3,074,121)
Written off	-	-	(4,687)	-	-	-	(4,687)
At 31.12.2017	**1,212,766**	**32,682,478**	**22,584,085**	**640,543**	**92,727**	**212,954**	**57,425,553**
Net carrying amount							
At 31.12.2017	**10,787,234**	**14,501,407**	**12,812,611**	**34,628**	**34,931**	**13,515**	**38,184,326**

Group	Buildings (RM)	Computer equipment (RM)	Telecommunication and other equipment (RM)	Renovation (RM)	Motor vehicles (RM)	Other assets (RM)	Total (RM)
Cost							
At 1.1.2016	10,000,000	30,898,678	29,605,130	661,949	87,355	109,813	71,362,925
Additions	-	13,663,517	4,428,412	8,385	-	30,812	18,131,126
Written off	-	(12,803)	(11,625)	-	-	-	(24,428)
Transfer from investment properties (Note 6)	2,000,000	-	-	-	-	-	2,000,000
At 31.12.2016	**12,000,000**	**44,549,392**	**34,021,917**	**670,334**	**87,355**	**140,625**	**91,469,623**
Accumulated depreciation							
At 1.1.2016	529,582	22,694,994	17,599,315	621,247	55,111	99,534	41,599,783
Charge for the financial year	390,631	4,113,426	3,752,297	(2,455)	16,822	33,179	8,303,900
Written off	-	(12,800)	(11,392)	-	-	-	(24,192)
Transfer from investment properties (Note 6)	164,894	-	-	-	-	-	164,894
At 31.12.2016	**1,085,107**	**26,795,620**	**21,340,220**	**618,792**	**71,933**	**132,713**	**50,044,385**
Net carrying amount							
At 31.12.2016	**10,914,893**	**17,753,772**	**12,681,697**	**51,542**	**15,422**	**7,912**	**41,425,238**

a. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM7,219,749 (2016: RM18,131,126) which are satisfied by the following:

	Group	
	2017 (RM)	**2016** (RM)
Finance lease arrangements	**354,517**	8,538,959
Cash payments	**6,865,232**	9,592,167
	7,219,749	18,131,126

b. The carrying amount of assets of the Group under finance lease arrangements are as follows:

	Group	
	2017 (RM)	**2016** (RM)
Computer equipment	**6,387,532**	8,053,840
Telecommunication and other equipment	**617,085**	261,065
Motor vehicle	**34,929**	-
	7,039,546	8,314,905

c. Buildings of the Group with carrying amount of RM10,787,234 (2016: RM10,914,893) have been pledged as security to secure the term loans granted to a subsidiary as disclosed in Note 16.

6. INVESTMENT PROPERTY

	Group	
	2017 (RM)	**2016** (RM)
At cost		
At 1 January	**2,500,000**	4,500,000
Transfer to property, plant and equipment (Note 5)	**-**	(2,000,000)
At 31 December	**2,500,000**	2,500,000
Accumulated depreciation		
At 1 January	**226,064**	238,311
Charge for the financial year	**26,595**	152,647
Transfer to property, plant and equipment (Note 5)	**-**	(164,894)
At 31 December	**252,659**	226,064
Net carrying amount		
At 31 December	**2,247,341**	2,273,936

The Group's investment property comprises a commercial property (2016: a commercial property) that is leased to a third party.

The investment property of the Group with carrying amount of RM2,247,341 (2016: RM2,273,936) has been pledged as security for term loans as disclosed in Note 16.

The following are recognised in profit or loss in respect of investment property:

	Group	
	2017 (RM)	**2016** (RM)
Rental income	**194,184**	194,184
Direct operating expenses	**(36,693)**	(103,742)

Fair value of investment property is categorised as follows:

	Group		
	Level 2 (RM)	**Level 3** (RM)	**Total** (RM)
31.12.2017			
Leasehold buildings	-	2,503,597	2,503,597
31.12.2016			
Leasehold buildings	2,880,000	-	2,880,000

The valuation of investment property as at 31 December 2017 is determined by directors' estimation based on the indicative market price of similar properties in the vicinity.

The valuation of investment property as at 31 December 2016 was determined using open market method which was derived by way of independent valuation performed by the professional valuer. The valuation was generally derived using the sales comparison approach, where sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size and is therefore recognised under Level 2 of the fair value hierarchy.

The directors and the professional valuer consider that it is appropriate to use the sales comparison approach.

There are no Level 1 investment property during the financial years ended 31 December 2017 and 31 December 2016. During the financial year, there is a transfer between Level 2 and Level 3 due to change of valuation method. In the previous financial year, there was no transfer between Level 2 and Level 3.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill (RM)	Development costs (RM)	Computer software (RM)	Total (RM)
Cost				
At 1.1.2016	36,005,230	8,231,380	3,792,263	48,028,873
Additions				
developed internally	-	274,750	-	274,750
acquired separately	-	-	464,127	464,127
	-	274,750	464,127	738,877
At 31.12.2016	**36,005,230**	**8,506,130**	**4,256,390**	**48,767,750**
Additions				
developed internally	-	1,779,838	-	1,779,838
acquired separately	-	-	384,323	384,323
	-	1,779,838	384,323	2,164,161
At 31.12.2017	**36,005,230**	**10,285,968**	**4,640,713**	**50,931,911**
Accumulated amortisation				
At 1.1.2016	320,000	7,365,091	3,030,201	10,715,292
Charge for the financial year	-	32,011	227,028	259,039
At 31.12.2016	320,000	7,397,102	3,257,229	10,974,331
Charge for the financial year	-	165,299	350,800	516,099
At 31.12.2017	**320,000**	**7,562,401**	**3,608,029**	**11,490,430**
Net carrying amounts				
At 31.12.2016	35,685,230	1,109,028	999,161	37,793,419
At 31.12.2017	**35,685,230**	**2,723,567**	**1,032,684**	**39,441,481**

a. **Amortisation**

The amortisation of development costs and computer software of the Group amounting to RM165,299 (2016: RM32,011) and RM350,800 (2016: RM227,028) respectively are included in cost of sales and administrative expenses respectively.

b. **Development costs**

Development costs represent software under development. It is reasonably anticipated that the costs will be recovered through future commercial activities.

c. **Computer software**

It represents software acquired that is not integral to the functionality of equipment.

d. **Impairment of goodwill**

Directors review the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGUs") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal reporting purposes.

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the following segments for impairment testing:

	Group	
	2017 (RM)	**2016** (RM)
Information Technology ("IT")	**31,189,056**	31,189,056
Information and Communication Technology ("ICT")	**4,027,178**	4,027,178
Satellite-based network services ("SAT")	**468,996**	468,996
	35,685,230	35,685,230

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budget and forecasts approved by Directors covering a five-year period. The same method has also been used in the previous financial year.

For each of the CGUs with significant amount of goodwill, the value-in-use calculation is most sensitive to the following key assumptions:

2017	
Revenue (% of annual growth rate)	**5% - 33%**
Operating expenses (% of annual growth rate)	**3% - 10%**
Gross margin (% of revenue)	**25% - 65%**
Discount rate	**14% - 19%**
2016	
Revenue (% of annual growth rate)	**3% - 5%**
Operating expenses (% of annual growth rate)	**5% - 10%**
Gross margin (% of revenue)	**20% - 80%**
Discount rate	**9% - 15%**

Gross margin is the forecasted margin as a percentage of revenue over the five year projection period. These are increased over the projection period for anticipated efficiency improvements.

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects Directors' estimate of the risks specific to the CGUs at the date of assessment.

Directors believe that there is no reasonably possible change in the key assumptions that would cause the carrying value of the CGUs to exceed their recoverable amount. As a result of the analysis, directors did not identify an impairment for the goodwill.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 (RM)	**2016** (RM)
Unquoted shares, at cost		
At beginning of the financial year	**58,403,181**	58,403,181
Add: Addition during the finacial year	**1,500,000**	-
At end of the financial year	**59,903,181**	58,403,181

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	**Ownership interest**		**Principal activities**
	2017	**2016**	
Privasia Sdn. Bhd.	**100%**	100%	Outsourcing, consultation, e-procurement and related functions
Privanet Sdn. Bhd.	**100%**	100%	Provision of total wireless and communication solutions
Privasat Sdn. Bhd.	**100%**	100%	Providing high speed internet broadband access (satellite services)
Spring Reach Distribution Sdn. Bhd.	**70%**	70%	Trading of electronic and telecommunication equipment
Privagen Sdn. Bhd.	**60%**	60%	Trading of information technology equipment and software
Subsidiaries of Privasia Sdn. Bhd.			
Privasia (Sabah) Sdn. Bhd.	**100%**	100%	Provision of supplying, testing and commissioning of IT active equipment
Privacom Sdn. Bhd.	**100%**	100%	Dealer in data processing equipment, computer system and provision of telecommunication and computer network consultancy services, temporarily ceased operations
Subsidiaries of Privanet Sdn. Bhd.			
Privatel Sdn. Bhd.	**75%**	75%	Provision of network engineering services
Scantel Sdn. Bhd.	**100%**	100%	Provision of communication solutions

a. Non-controlling interests ("NCI") in subsidiaries

The financial information of the Group's subsidiaries that have NCI are as follows:

	Spring Reach Distribution Sdn. Bhd. (RM)	Privagen Sdn. Bhd. (RM)	Privatel Sdn. Bhd. (RM)	Total (RM)
2017				
NCI percentage of ownership	30%	40%	25%	
Carrying amount of NCI	(382,539)	(207,491)	528,603	(61,427)
(Loss)/Profit allocated to NCI	**(86,168)**	**(28,592)**	**238,344**	**123,584**
2016				
NCI percentage of ownership	30%	40%	25%	
Carrying amount of NCI	(296,371)	(178,899)	290,259	(185,011)
Profit/ (Loss) allocated to NCI	3,630	(133,758)	354,597	224,469

b. Summarised financial information of non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI are as follows:

	Spring Reach Distribution Sdn. Bhd. (RM)	Privagen Sdn. Bhd. (RM)	Privatel Sdn. Bhd. (RM)
2017 **Summarised statements of financial position**			
Non-current assets	130	2	1,183,539
Current assets	3,744,443	193,818	15,273,801
Non-current liabilities	-	-	(126,968)
Current liabilities	(5,019,705)	(712,551)	(14,215,959)
Net (liabilities)/ assets	(1,275,132)	(518,731)	2,114,413
Summarised statements of comprehensive income			
Revenue	82,779	260,316	19,705,390
(Loss)/ Profit for the financial year	(287,226)	(71,482)	953,376
Total comprehensive (loss)/income	(287,226)	(71,482)	953,376
Summarised cash flow information			
Net cash from/(used in) operating activities	82,709	(85,700)	(4,890,772)
Net cash from/(used in) investing activities	92,035	-	(1,210,679)
Net cash (used in)/from financing activities	(142,294)	148,514	7,672,187
Net increase in cash and cash equivalents	32,450	62,814	1,570,736
Dividends paid to NCI	-	-	-
2016 **Summarised statements of financial position**			
Non-current assets	599	374	1,141,440
Current assets	4,169,564	306,510	11,586,813
Non-current liabilities	-	-	(189,160)
Current liabilities	(5,160,469)	(754,133)	(11,333,058)
Net (liabilities)/ assets	(990,306)	(447,249)	1,206,035

Summarised statements of comprehensive income			
Revenue	33,838	1,497,290	14,457,554
(Loss)/Profit for the financial year	(37,158)	(251,047)	1,700,535
Total comprehensive (loss)/income	(37,158)	(251,047)	1,226,652
Summarised cash flow information			
Net cash from/(used in) operating activities	103,276	(11,855)	(1,372,124)
Net cash used in investing activities	-	-	(751,207)
Net cash from financing activities	-	-	747,064
Net increase/ (decrease) in cash and cash equivalents	103,276	(11,855)	(1,376,267)
Dividends paid to NCI	-	-	-

9. INVESTMENT IN AN ASSOCIATE

	Group	
	2017 (RM)	**2016** (RM)
At cost		
Unquoted shares	**30**	30
Share of post acquisition reserves	**(30)**	(30)
	-	-

a. There is no quoted market price available for the associate as this is a private company.

b. Details of the associate, which is incorporated in Malaysia is as follows:

Name of company	Ownership interest		Principal activities
	2017	**2016**	
Infocrats Sdn. Bhd.	**30%**	30%	Provision of systems development in computer software solutions and packages.

c. The summarised financial information of the Group's associate is as follows:

	2017 (RM)	**2016** (RM)
Infocrats Sdn. Bhd. **Liabilities**		
Current liabilities	**27,344**	21,705
Net liabilities	**27,344**	21,705
Results Loss for the financial year, representing total comprehensive loss for the financial year	**5,639**	6,654

d. The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is follows:

	2017 (RM)	**2016** (RM)
Infocrats Sdn. Bhd.		
Share of net assets at the acquisition date	**30**	30
Share of post-acquisition losses	**(30)**	(30)
Carrying amount in the consolidated statement of financial position	**-**	-
Group's share of results	**1,692**	1,996

The Group's share of accumulated losses in the associate is restricted to the Group's cost of investment in the associate. Accordingly, the Group has excluded its current year's share of losses of associate amounting to RM1,692 (2016: RM1,996) from its financial statements.

As at 31 December 2017, the cumulative unrecognised share of losses of the associate is RM5,075 (2016: RM3,383).

10. OTHER INVESTMENT

	Group / Company	
	2017 (RM)	**2016** (RM)
Non-current		
Unquoted shares, at cost	**500,000**	500,000
Less: Impairment loss	**(500,000)**	-
	-	500,000

Fair value information has not been disclosed for the Group's and the Company's unquoted investment which is carried at cost because the fair value cannot be measured reliably. It represents investment in the ordinary shares of a company which is not quoted on any market and information on any comparable industry peer is not available.

During the financial year, the Group and the Company recognised an impairment loss of RM500,000 as the investment has been loss-making since the previous financial years.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017 (RM)	**2016** (RM)
At 1 January	**(1,525,013)**	(1,028,734)
Recognised in profit or loss (Note 21)	**(1,317,987)**	(496,279)
At 31 December	**(2,843,000)**	(1,525,013)

Presented after appropriate offsetting as follows:

	Group	
	2017 (RM)	**2016** (RM)
Deferred tax assets	**829,000**	1,073,987
Deferred tax liabilities	**(3,672,000)**	(2,599,000)
	(2,843,000)	(1,525,013)

This is in respect of estimated deferred tax assets/(liabilities) arising from temporary differences as follows:

	Group	
	2017 (RM)	**2016** (RM)
Deferred tax assets		
Unutilised tax losses	**1,686,692**	1,087,551
Unabsorbed capital allowance	**28,950**	384,471
	1,715,642	1,472,022
Deferred tax liabilities		
Differences between carrying amounts of property, plant and equipment and their tax base	**(4,558,642)**	(2,997,035)
	(2,843,000)	(1,525,013)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

The estimated amounts of temporary differences for which no deferred tax asset is recognised in the financial statement are as follows:

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Unutilised tax losses	**34,790,122**	30,232,108	**1,236,579**	1,118,126
Unabsorbed capital allowances	**5,353,178**	2,999,586	**-**	-
	40,143,300	33,231,694	**1,236,579**	1,118,126

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

12. INVENTORIES

	Group	
	2017 (RM)	**2016** (RM)
At cost		
Finished goods	**883,903**	1,169,257
Spares	**585,153**	672,787
	1,469,056	1,842,044
At net realisable value		
Finished goods	**403,910**	508,778
	1,872,966	2,350,822

During the financial year, inventories of the Group recognised as cost of sales amounted to RM6,103,228 (2016: RM12,622,800). In addition, the amounts recognised in the cost of sales including the following:

	Group	
	2017 (RM)	**2016** (RM)
Inventories written down	**198,546**	-
Inventories written off	**26,322**	-
	224,868	-

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Trade receivables				
Third parties	**22,505,892**	26,010,043	**-**	-
Subsidiaries	**-**	-	**2,467,784**	4,501,167
	22,505,892	26,010,043	**2,467,784**	4,501,167
Less: Impairment loss for trade receivables				
- Third parties	**(5,027,542)**	(4,135,668)	**-**	-
	17,478,350	21,874,375	**2,467,784**	4,501,167
Accrued revenue	**5,704,719**	6,945,144	**-**	-
	23,183,069	28,819,519	**2,467,784**	4,501,167
Other receivables				
Amounts owing by subsidiaries	-	-	**2,802,316**	3,282,397
Other receivables	**4,464,080**	1,793,840	**-**	-
GST refundable	-	843,330	**-**	19,988
Deposits	**902,348**	1,094,778	**2,000**	2,000
Prepayments	**4,002,327**	4,935,338	**-**	-
	9,368,755	8,667,286	**2,804,316**	3,304,385
Less: Impairment loss for other receivables	**(8,000)**	(8,000)	**-**	-
	9.360,755	8,659,286	**2,804,316**	3,304,385
Total trade and other receivables	**32,543,824**	37,478,805	**5,272,100**	7,805,552

a. Trade receivables

The Group's and the Company's normal trade credit term extended to customers ranging from 7 to 90 days (2016: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The Group and the Company maintain an ageing analysis is respect of trade receivables only. The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Neither past due nor impaired	**10,302,600**	6,146,309	**280,093**	330,201
1 to 30 days past due not impaired	**2,001,478**	4,993,944	**278,927**	260,908
31 to 60 days past due not impaired	**173,371**	1,692,591	**278,374**	263,309
61 to 90 days past due not impaired	**84,740**	1,441,113	**290,379**	153,304
More than 91 days past due not impaired	**4,916,161**	7,600,418	**1,340,011**	3,493,445
	7,175,750	15,728,066	**2,187,691**	4,170,966
Impaired - individually	**5,027,542**	4,135,668	**-**	-
	22,505,892	26,010,043	**2,467,784**	4,501,167

<u>Receivables that are impaired</u>

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
At 1 January	**4,135,668**	2,175,233	**-**	-
Charge for the financial year				
Individual impairment loss (Note 19)	**920,032**	2,266,698	**-**	-
Reversal of impairment loss (Note 19)	**(28,158)**	(248,298)	**-**	-
Written off	**-**	(57,965)	**-**	-
At 31 December	**5,027,542**	4,135,668	**-**	-

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

b. Other receivables

Amounts owing by subsidiaries represent advances which are unsecured, non-interest bearing and repayable on demand.

14. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Cash and bank balances	**7,116,245**	6,599,555	**24,444**	18,676
Deposits with licensed banks	**5,096,609**	4,328,716	**-**	-
Cash and cash equivalents as reported in the statements of financial position	**12,212,854**	10,928,271	**24,444**	18,676
Less - Bank overdrafts (Note 16)	**(4,193,557)**	(5,163,417)	**-**	-
- Deposits pledged as security	**(4,773,055)**	(4,024,790)	**-**	-
Cash and cash equivalents as reported in the statements of cash flows	**3,246,242**	1,740,064	**24,444**	18,676

Deposits with licensed banks are placements with period of three months or less, depending on the immediate cash requirements of the Group and bear interests at rates ranging from 3.00% to 3.30% (2016: 2.95% to 3.50%) per annum.

Included in the deposits with licensed banks of the Group is an amount of RM4,773,055 (2016: RM4,024,790) pledged as security for term loans, bank overdrafts and bank guarantees granted to subsidiaries as disclosed in Note 16.

Included in deposits pledged as security of the Group are amounts of RM500,000 and RM70,066 (2016: RM500,000 and RM66,600) respectively held in trust by a director of a subsidiary and a director of the Company respectively as security for term loans granted to subsidiaries as disclosed in Note 16.

15. SHARE CAPITAL

	Group/ Company			
	Number of ordinary shares		**Amounts**	
	2017 (Unit)	**2016** (Unit)	**2017** (RM)	**2016** (RM)
Issued and fully paid: At beginning/end of the financial year	**558,200,020**	558,200,020	**55,820,002**	55,820,002

Effective from 31 January 2017, the Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. LOANS AND BORROWINGS

		Group	
	Note	**2017** (RM)	**2016** (RM)
Non-current:			
Term loan I	(a)	**5,841,872**	3,561,935
Term loan II	(a)	**8,533,003**	8,942,704
Term loan III	(a)	**679,537**	-
Finance lease liabilities	(b)	**4,479,253**	6,147,738
		19,533,665	18,652,377
Current:			
Bankers' acceptances	(c)	**4,019,457**	324,326
Bank overdrafts	(c)	**4,193,557**	5,163,417
Term loan I	(a)	**1,914,801**	2,062,943
Term loan II	(a)	**469,533**	450,734
Term loan III	(a)	**750,002**	152,357
Finance lease liabilities	(b)	**1,928,114**	3,420,135
Trade financing	(c)	**3,846,153**	-
		17,121,617	11,573,912
Total loans and borrowings:			
Bankers' acceptances	(c)	**4,019,457**	324,326
Bank overdrafts	(c)	**4,193,557**	5,163,417
Term loans	(a)	**18,188,748**	15,170,673
Finance lease liabilities	(b)	**6,407,367**	9,567,873
Trade financing	(c)	**3,846,153**	-
		36,655,282	30,226,289

a. Term loans

Term loans I and II of a subsidiary bear interest at rates of 5.27% and 4.74% (2016: 5.27% and 4.74%) per annum respectively and are repayable over 5 years and 15 years respectively commencing the day of first drawdown and are secured and supported as follows:

I. Legal charge over the buildings of a subsidiary as disclosed in the Note 5;
II. Legal charge over the investment property of a subsidiary as disclosed in Note 6;
III. All contract proceeds from the major customer and its related companies;
IV. Debenture by way of a fixed and floating charge over the specific assets of a subsidiary;
V. Corporate guarantee of the Company; and
VI. Joint and several guarantee of two directors.

Term loans I and II require the subsidiary to maintain a debt to equity ratio of not exceeding 1.25.

Term loan III of a subsidiary bears interest at a rate of 8.25% per annum (2016: 8.25%) and is repayable over five years commencing the day of first drawdown and is secured and supported as follows:

I. Debenture creating a first rank fixed and floating charge over the customer's assets of a subsidiary, present and future;
II. General deed of assignment of the contract proceeds in relation to a project of a subsidiary;
III. Assignment over the Insurance/Takaful Policy over the equipment in relation to a project of a subsidiary;
IV. Corporate guarantee of the Company; and
V. Memorandum of deposit of sinking fund to be built up to maximum amount of RM180,000 only by way of quarterly sinking fund of RM45,000 only.

b. Finance lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group	
	2017 (RM)	**2016** (RM)
Minimum lease payments		
Not later than one year	**2,140,668**	3,845,725
Later than one year and not later than 5 years	**4,688,862**	6,410,304
	6,829,530	10,256,029
Less: Future finance charges	**(422,163)**	(688,156)
Present value of minimum lease payments	**6,407,367**	9,567,873
Present value of minimum lease payments		
Not later than one year	**1,928,114**	3,420,135
Later than one year and not later than 5 years	**4,479,253**	6,147,738
	6,407,367	9,567,873
Less: Amount due within 12 months	**(1,928,114)**	(3,420,135)
Amount due after 12 months	**4,479,253**	6,147,738

The finance lease liabilities bear effective interest at rates ranging from 3.83% to 7.68% (2016: 3.83% to 7.68%) per annum.

c. Bank overdrafts, bankers' acceptances and trade financing

The bank overdrafts, bankers' acceptances and trade financing of the Group are secured by way of:

I. Corporate guarantee of the Company;
II. Joint and several guarantee by directors;
III. A deposit placed with a licensed bank;
IV. Deed of assignment of benefits of contract proceeds from all contracts of a subsidiary financed by bank;
V. Charge over a subsidiary's designated escrow account ("DEA"), fixed deposit and sinking fund account maintained; and
VI. Memorandum of charge over fixed deposits by a subsidiary in respect of sinking fund in the form of fixed deposits via 5% deduction from each contract proceeds received up to RM500,000 together with all interest accruing from time to time.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Trade payables				
Third parties	**9,759,098**	11,881,319	**-**	-
Other payables				

Third parties	**900,109**	1,793,584	**31,598**	26,106
GST payable	**37,604**	1,017,872	**-**	-
Amounts owing to subsidiaries	**-**	-	**1,152,845**	7,848,765
Deposits and accruals	**6,054,080**	7,386,147	**90,200**	65,600
	6,991,793	10,197,603	**1,274,643**	7,940,471
Total trade and other payables	**16,750,891**	22,078,922	**1,274,643**	7,940,471

a. The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 60 days (2016: 30 to 60 days).
b. The amounts owing to subsidiaries are unsecured, non-interest bearing and repayable upon demand.

18. REVENUE

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Dividend income	**-**	-	**6,000,000**	2,400,000
Information technology services	**36,140,405**	38,396,619	**-**	-
Information communication technology services	**20,135,233**	27,157,070	**-**	-
Management fees	**-**	-	**3,425,833**	2,956,742
Satellite-based network services	**3,655,882**	8,942,858	**-**	-
	59,931,520	74,496,547	**9,425,833**	5,356,742

19. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived after charging/(crediting):

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Amortisation of intangible assets	**516,099**	259,039	**-**	-
Auditors' remuneration:				
statutory audit				
current year	**138,000**	127,600	**43,000**	35,000
under/(over) provision in prior financial years	**2,400**	(24,735)	**-**	-
non-statutory audit fees	**47,000**	47,000	**43,000**	43,000
Bad debts written off	**3,347**	6,060	**-**	-
Depreciation of investment properties	**26,595**	152,647	**-**	-
Depreciation of property, plant and equipment	**10,459,976**	8,303,900	**-**	-
Employee benefits expense (Note 20)	**17,281,438**	17,458,243	**230,000**	229,000
Gain on disposal of property, plant and equipment	**(1,322)**	-	**-**	-
Impairment loss on:				
trade receivables	**920,032**	2,266,698	**-**	-
other receivables	**-**	5,000	**-**	-
other investment	**500,000**	-	**500,000**	-
Interest expenses:				
bankers' acceptances and bank overdrafts	**447,450**	118,783	**-**	-
finance lease payables	**291,828**	165,558	**-**	-
term loans	**933,306**	369,474	**-**	-
others	**56,137**	237,864	**-**	-
Interest income	**(150,423)**	(76,124)	**-**	-

Inventories written down	**198,546**	-	**-**	-
Inventories written off	**26,322**	-	**-**	-
Loss/(Gain) on foreign exchange				
realised	**423,379**	6,101	**-**	-
unrealised	**(271,926)**	(575,802)	**-**	-
Property, plant and equipment written off	**4**	236	**-**	-
Rental expenses	**211,058**	196,289	**-**	-
Rental income	**(208,766)**	(194,184)	**-**	-
Reversal on impairment loss on trade receivables	**(28,158)**	(248,298)	**-**	-

20. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Salaries and wages	**13,766,327**	14,051,819	**-**	-
Defined contribution plans	**1,188,203**	1,234,625	**-**	-
Directors' remuneration (Note (i))	**2,326,908**	2,171,799	**230,000**	229,000
	17,281,438	17,458,243	**230,000**	229,000

i. The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Directors' fees	**216,000**	216,000	**216,000**	216,000
Directors' other emoluments	**2,110,908**	1,955,799	**14,000**	13,000
	2,326,908	2,171,799	**230,000**	229,000

21. TAX EXPENSE

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Current income tax:				
Based on results of the financial year	**608,000**	2,537,000	**-**	-
Over provision in prior financial year	**(168,220)**	(161,321)	**-**	-
	439,780	2,375,679	**-**	-
Deferred tax: (Note11)				
Origination of temporary differences	**813,682**	375,272	**-**	-
Under provision in prior financial years	**504,305**	121,007	**-**	-
	1,317,987	496,279	**-**	-
Tax expense recognised in profit or loss	**1,757,767**	2,871,958	**-**	-

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
(Loss)/Profit before tax	**(5,302,309)**	3,208,974	**5,138,144**	1,940,170
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	**(1,272,554)**	770,154	**1,233,155**	465,641
Income not subject to tax	**(52,072)**	-	**-**	-

Non-deductible expenses	**1,087,523**	269,611	**178,416**	62,533
Exempted income	**-**	-	**(1,440,000)**	(576,000)
Deferred tax not recognised on unutilised tax losses and unabsorbed capital allowances	**1,658,785**	1,827,507	**28,429**	47,826
(Over)/Under provision in prior financial year				
current tax	**(168,220)**	(116,321)	**-**	-
deferred tax	**504,305**	121,007	**-**	-
Tax expense recognised in profit or loss	**1,757,767**	2,871,958	**-**	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

22. (LOSS)/EARNINGS PER SHARE

a. Basic (loss)/earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2017 (RM)	**2016** (RM)
(Loss)/Profit for the financial year attributable to owners of the Company	**(7,183,660)**	112,547
Weighted average number of ordinary shares for basic (loss)/ earnings per share computation	**558,200,020**	558,200,020
Basic/Diluted (loss)/earnings per ordinary share (sen)	**(1.29)**	0.02

b. The diluted (loss)/earnings per share of the Group for the financial years ended 31 December 2017 and 31 December 2016 are the same as the basic (loss)/earnings per share of the Group as the Group has no dilutive potential ordinary shares.

23. DIVIDENDS

	Group/ Company	
	2017 (RM)	**2016** (RM)
Recognised during the financial year:		
Dividends on ordinary shares:		
Single tier final dividend for the financial year ended 31 December 2015: 0.20 sen per ordinary share of RM0.10 each, paid on 18 August 2016	**-**	1,116,400

24. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Product and services
Information Technology ("IT")	Comprise IT infrastructure outsourcing, consultancy and systems integration and procurement management.
Information and Communications Technology ("ICT")	Provision of wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for ICT and mobile solutions providers and enterprises.
Satellite-based network services ("SAT")	The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.
Investment holding	Investment holding and provision of management services.

Performance is measured based on segment results, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets and liabilities

The total segment assets and liabilities are measured based on all assets (including goodwill) and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

	Note	**IT** (RM)	**ICT** (RM)	**SAT** (RM)	**Investment Holding** (RM)	**Adjustments and eliminations** (RM)	**Total** (RM)
2017							
Revenue:							
Revenue from external customers	(a)	36,140,405	20,135,233	3,655,882	-	-	59,931,520
Inter-segment revenue		700	2,240,035	57,657	9,425,833	(11,724,225)	-
Total revenue		36,141,105	22,375,268	3,713,539	9,425,833	(11,724,225)	59,931,520
Results:							
Included in the measure of segment profit/ (loss) are:							
Amortisation of intangible assets		(515,602)	(497)	-	-	-	(516,099)
Depreciation of investment properties		(26,595)	-	-	-	-	(26,595)
Depreciation of property, plant and equipment		(8,683,468)	(613,495)	(1,163,013)	-	-	(10,459,976)
Employee benefits expense		(8,664,061)	(7,185,060)	(1,202,317)	(230,000)	-	(17,281,438)
Gain on disposal of property, plant and equipment		728	594	-	-	-	1,322
Impairment loss on trade and other receivables		(28,764)	(563,302)	(327,966)	-	-	(920,032)
Impairment loss on other investment		-	-	-	(500,000)	-	(500,000)
Interest expenses		(1,401,328)	(301,384)	(197,833)	-	171,824	(1,728,721)
Interest income		124,183	174,819	23,245	-	(171,824)	150,423
Inventories written down		-	(198,546)	-	-	-	(198,546)
Inventories written off		(10,835)	(15,487)	-	-	-	(26,322)
Rental expenses		(79,012)	(92,977)	(220,380)	-	181,311	(211,058)
Reversal of impairment loss on trade receivables		-	28,158	-	-	-	28,158
Segment profit/(loss)		1,482,315	(642,950)	(5,763,801)	5,138,144	(5,516,017)	(5,302,309)
Tax expense		(1,210,897)	(301,883)	(244,987)	-	-	(1,757,767)
Profit/(Loss) for the financial year		271,418	(944,833)	(6,008,788)	5,138,144	(5,516,017)	(7,060,076)
Segment assets		88,933,783	26,301,465	8,024,786	65,199,725	(58,185,060)	130,274,699
Segment liabilities		39,955,996	33,720,954	18,276,335	1,274,643	(36,149,755)	57,078,173

	Note	IT (RM)	ICT (RM)	SAT (RM)	Investment Holding (RM)	Adjustments and eliminations (RM)	Total (RM)
2016							
Revenue:							
Revenue from external customers	(a)	38,396,619	27,157,070	8,942,858	-	-	74,496,547
Inter-segment revenue		370,776	2,876,618	480,080	5,356,742	(9,084,216)	-
Total revenue		38,767,395	30,033,688	9,422,938	5,356,742	(9,084,216)	74,496,547
Results:							
Included in the measure of segment profit/ (loss) are:							
Amortisation of intangible assets		(228,919)	(30,120)	-	-	-	(259,039)
Depreciation of investment properties		(101,431)	(51,216)	-	-	-	(152,647)
Depreciation of property, plant and equipment		(6,474,443)	(1,154,905)	(674,552)	-	-	(8,303,900)
Employee benefits expense		(10,086,587)	(6,110,564)	(1,032,092)	(229,000)	-	(17,458,243)
Impairment loss on trade and other receivables		-	(1,142,978)	(1,128,720)	-	-	(2,271,698)
Interest expenses		(588,963)	(406,050)	(27,544)	-	130,878	(891,679)
Interest income		58,487	133,042	56,991	-	(172,396)	76,124
Rental expenses		(93,752)	(150,276)	(149,352)	-	197,091	(196,289)
Reversal of impairment loss on trade receivables		-	248,298	-	-	-	248,298
Segment profit/(loss)		8,262,747	(809,924)	(5,727,188)	1,940,170	(456,831)	3,208,974
Tax expense		(2,355,579)	(516,379)	-	-	-	(2,871,958)
Profit/(Loss) for the financial year		5,907,168	(1,326,303)	(5,727,188)	1,940,170	(456,831)	337,016
Segment assets		93,890,388	27,595,369	10,607,919	66,727,409	(63,660,272)	135,160,813
Segment liabilities		39,146,256	34,110,652	16,350,680	7,940,471	(42,643,848)	54,904,211

a. Inter-segment revenue are eliminated on consolidation.
b. The Group operates predominantly in Malaysia and hence, no geographical segment is presented.
c. The following are major customers with revenue equal or more than 10% of the Group revenue:

	Revenue		Segment
	2017 (RM)	**2016** (RM)	
Customer A	**33,390,000**	35,333,000	IT
Customer B	**17,338,000**	-	ICT

25. RELATED PARTIES

a. Identity of related parties

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

Related parties of the Group include:

I. Subsidiaries;
II. Associate;
III. Entities in which directors have substantial financial interests; and
IV. Key management personnel of the Group and of the Company, comprise persons having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

b. Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2017 (RM)	**2016** (RM)
Subsidiaries		
Management fee received/receivable	**(3,424,874)**	(2,956,742)
Secondment fee paid/payable	**3,110,312**	2,729,592
A director's related company		
Professional fees	**35,700**	27,800

c. Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Short-term employee benefits	**2,326,908**	2,171,799	**230,000**	229,000

26. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

I. Loans and receivables
II. Available-for-sale financial asset
III. Other financial liabilities

	Group		Company	
	2017 (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Financial assets **Loans and receivables**				
Trade and other receivables, net of prepayments and GST refundable	**28,541,497**	31,700,137	**5,272,100**	7,785,564
Deposits, cash and bank balances	**12,212,854**	10,928,271	**24,444**	18,676
	40,754,351	42,628,408	**5,296,544**	7,804,240

Available-for-sale				
Other investment	**-**	500,000	**-**	500,000
Financial liabilities **Other financial liabilities**				
Loans and borrowings	**36,655,282**	30,226,289	**-**	-
Trade and other payables, net of GST payable	**16,713,287**	21,061,050	**1,274,643**	7,940,471
	53,368,569	51,287,339	**1,274,643**	7,940,471

b. Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

In the previous financial year, it was not practicable to estimate the fair value of the Group's and of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2017 and 31 December 2016.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value of financial instruments not carried at fair value				
	Carrying amount (RM)	**Level 1** (RM)	**Level 2** (RM)	**Level 3** (RM)	**Total** (RM)
Group					
31 December 2017 **Financial liabilities**					
Other financial liabilities - finance lease liabilities	**6,407,367**	**-**	**6,829,530**	**-**	**6,829,530**
31 December 2016 **Financial liabilities**					
Other financial liabilities - finance lease liabilities	9,567,873	-	10,256,029	-	10,256,029

Level 2 fair value

Fair value of financial instruments not carried at fair value

The fair value of liability component of loans and borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities that do not have a conversion option.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are exercised by the Executive Directors and the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

I. Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at end of the reporting date, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 13. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

Credit risk concentration profile

At the end of the reporting period, 56% (2016: 41%) of the Group's trade receivables was due from five (2016: six) major customers.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respects of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM30,247,915 (2016: RM20,658,416) representing the maximum amount the Company could pay if the guarantee is called. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

II. Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		<-----------------------Contractual cash flows------------------------>			
	Carrying amount (RM)	**On demand or within 1 year** (RM)	**Between 1 and 5 years** (RM)	**More than 5 years** (RM)	**Total** (RM)
Group					
2017					
Trade and other payables	**16,713,287**	**16,713,287**	**-**	**-**	**16,713,287**
Loans and borrowings	**36,655,282**	**18,203,742**	**16,108,616**	**6,986,907**	**41,299,265**
	53,368,569	**34,917,029**	**16,108,616**	**6,986,907**	**58,012,552**
2016					
Trade and other payables	21,061,050	21,061,050	-	-	21,061,050
Loans and borrowings	30,226,289	12,137,424	22,137,602	-	34,275,026
	51,287,339	33,198,474	22,137,602	-	55,336,076

Company					
2017					
Trade and other payables	**1,274,643**	**1,274,643**	**-**	**-**	**1,274,643**
Financial guarantee contracts*	**-**	**30,247,915**	**-**	**-**	**30,247,915**
	1,274,643	**31,522,558**	**-**	**-**	**31,522,558**
2016					
Trade and other payables	7,940,471	7,940,471	-	-	7,940,471
Financial guarantee contracts*	-	20,658,416	-	-	20,658,416
	7,940,471	28,598,887	-	-	28,598,887

* *The Company has given corporate guarantee to banks on behalf of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.*

III. Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates related primarily to the Group's operating activities (when sales and purchases are denominated in a foreign currency).

The Group did not hedge any foreign trade receivables or payables denominated in foreign currencies during the financial year. The Group ensures that the net exposure is kept to an acceptable level.

The Group's unhedged financial assets of that are not denominated in their functional currency are as follows:

	Group	
	2017 (RM)	**2016** (RM)
United States Dollar ("USD")		
Trade receivables	**768,861**	1,629,283
Trade payables	**(3,608,636)**	(3,718,437)
	(2,839,775)	(2,089,154)

<u>Sensitivity analysis for foreign currency risk</u>

The Group's principal foreign currency exposure relates to United States Dollar ("USD").

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's profit for the financial year.

	Change in rate	**Effect on profit for the financial year** (RM)
2017		
- USD	**+10%**	**(215,823)**
	-10%	**215,823**
2016		
- USD	+10%	(158,776)
	-10%	158,776

IV. **Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term borrowings with floating interest rates. The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Group does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's profit for the financial year.

	Change in basis point	Effect on profit for the financial year (RM)
Group		
31 December 2017	**+50**	**(114,942)**
	-50	**114,942**
31 December 2016		
	+50	(78,502)
	-50	78,502

28. OPERATING LEASES

a. **Operating lease commitments – as lessee**

The Group leases number of equipment under operating leases for average lease term between one to three years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2017 (RM)	**2016** (RM)
Not more than one year	**174,610**	163,208
Later than one year and not later than five years	**37,968**	93,049
	212,578	256,257

b. **Operating lease commitments – as lessor**

The Group leases an investment property which has remaining lease term of two years. There are no restrictions placed upon the Company by entering into this lease.

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2017 (RM)	**2016** (RM)
Not more than one year	**194,184**	194,184
Later than one year and not later than five years	**8,091**	202,275
	202,275	396,459

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2017 and 31 December 2016.

The Group and the Company monitor capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings, less deposits, cash and bank balances where total capital comprises the equity attributable to owners of the Group and of the Company. The gearing ratio at 31 December 2017 and 31 December 2016 are as follows:

		Group		Company	
	Note	**2017** (RM)	**2016** (RM)	**2017** (RM)	**2016** (RM)
Loans and borrowings	16	**36,655,282**	30,226,289	**-**	-
Less:					
Deposits, cash and bank balances	14	**(12,212,854)**	(10,928,271)	**(24,444)**	(18,676)
Net debts		**24,442,428**	19,298,018	**(24,444)**	(18,676)
Total equity		**73,196,526**	80,256,602	**63,925,082**	58,786,938
Total net debt plus equity		**97,638,954**	99,554,620	**63,900,638**	58,768,262
Gearing ratio		**25%**	19%	*****	*

* Not meaningful.

Other than as disclosed in Note 16, the Company is also required to comply with the disclosure and necessary capital requirement as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company has complied with these requirements for the financial years ended 31 December 2017 and 31 December 2016.

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a. On 21 February 2018, the Company incorporated a subsidiary, namely Privarail Sdn. Bhd. ("PRIVARAIL"). The issued share capital of PRIVARAIL is RM100 comprising 100 ordinary shares. The Company had subscribed for 80% of the issued share capital of PRIVARAIL in cash. The intended principal activity of PRIVARAIL is the provision of the railway system, engineering and related services, and information technology and communication services.

b. On 14 March 2018, the Company's subsidiary, Privatel Sdn. Bhd. incorporated a subsidiary, namely Privatel (Singapore) Pte. Ltd. ("PSPL") in Singapore under Singapore Companies Act. The issued share capital of PSPL is SGD1 comprising of 1 ordinary share, wholly-owned by Privatel. PSPL is an indirect 75% owned subsidiary of the Company. The intended principal activity of PSPL is the provision of network engineering services.

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, **DATUK ALI BIN ABDUL KADIR** and **PUVANESAN A/L SUBENTHIRAN**, being two of the directors of Privasia Technology Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 39 to 81 are drawn up in accordance with the 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 2017 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:

Datuk Ali Bin Abdul Kadir
Director

Puvanesan a/l Subenthiran
Director

Kuala Lumpur

Date: 25 April 2018

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **AARON LOKE KHY-MIN**, being the officer primarily responsible for the financial management of Privasia Technology Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 39 to 81 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.

Aaron Loke Khy-Min
MIA Membership No: 35111

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25 April 2018.

Before me:
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRIVASIA TECHNOLOGY BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Privasia Technology Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 81.

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 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Goodwill (Note 7 to the financial statements)

The Group has significant balances of goodwill. The goodwill is tested for impairment annually. In performing the impairment assessment, the directors have identified the cash generating unit to which the goodwill is allocated.

We focused on this area because the impairment assessment requires the exercise of significant judgements and estimates by the director on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to our assessments in relation to key inputs such as discount rates, forecast growth rates and gross profit margin;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the goodwill.

Trade Receivables (Note 13 to the financial statements)

We focused on this area because the Group made judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by the Group and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- evaluating the design and assessing the implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;
- obtaining confirmation of balances from selected samples of receivables;
- reviewing subsequent receipts, customer correspondence, and explanation on recoverability of significantly past due balances; and
- assessing the reasonableness of impairment charges for the identified credit exposures.

Company

Investment in subsidiaries and amounts owing by subsidiaries (Notes 8 and 13 to the financial statements)

The Company determined whether there is any indication of impairment in investment in subsidiaries and amounts owing by subsidiaries.

The recoverable amounts of investment in subsidiaries and amounts owing by subsidiaries respectively were determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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 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.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 communication.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2018 J
Chartered Accountant

Kuala Lumpur

Date: 25 April 2018

ANALYSIS OF SHAREHOLDING
AS AT 30 MARCH 2018

Issued Share Capital	:	RM55,820,002.00 comprising 558,200,010 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member of the Company, present in person and entitled to vote, or by proxy or by attorney or other duly authorised representative, shall have one (1) vote for each ordinary share held
Number of shareholders	:	3,572

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	22	0.62	686	0.00
100 – 1,000	218	6.10	131,214	0.02
1,001 – 10,000	1,068	29.90	7,247,600	1.30
10,001 – 100,000	1,823	51.04	77,249,500	13.84
100,001 – 27,910,000 *	438	12.26	245,849,000	44.04
27,910,001 and above **	3	0.08	227,722,020	40.80
Total	**3,572**	**100.00**	**558,200,020**	**100.00**

Note: * Less than 5% of issued holdings
** 5% and above of issued holdings

LIST OF SUBSTANTIAL SHAREHOLDERS
(5% AND ABOVE)

No	Names of Substantial Shareholders	No. of Shares	%
1	**Anyotech Sdn. Bhd.**	**79,713,220**	14.28
2	**Radiant Principles Sdn. Bhd.**	**76,836,300**	13.77
3	**Pancarthiran Sdn. Bhd.**	**71,172,500**	12.75

DIRECTORS' SHAREHOLDING
(ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		SHAREHOLDINGS			
No	**Names of Directors**	**Direct**	**%**	**Indirect**	**%**
1	**** Datuk Ali Bin Abdul Kadir**			1,666,000	0.30
	Share held through:				
	Individual Account	1,525,000	0.27		
	CIMSEC Nominees (Tempatan) Sdn. Bhd.	4,484,000	0.80		
	Ambank (M) Berhad	12,521,400	2.24		
		18,530,400	3.31		
2	***** Puvanesan a/l Subenthiran**			150,885,720	27.03
	Share held through:				
	Individual Account	15,581,400	2.79		
	Maybank Securities Nominees (Tempatan) Sdn. Bhd.	30,000	0.01		
		15,611,400	2.80		
3	***** Andre Anthony a/l Hubert Rene**	**10,828,700**	1.94	156,549,520	28.05
4	**Brian Wong Wye Pong**	**500,000**	0.09	-	-
5	**Ronnie Kok Lai Huat**	**-**	-	-	-
6	**Dato' Mohamed Sharil Bin Mohamed Tarmizi**	**1,547,100**	0.28	-	-

** Deemed interest under Section 8(4) of the Act by virtue of shares held by Rio Capital Sdn. Bhd.

*** Deemed interest under Section 8(4) of the Act by virtue of shares held by Anyotech Sdn. Bhd., Radiant Principles Sdn. Bhd. and Pancarthiran Sdn. Bhd.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
(ACCORDING TO THE RECORD OF DEPOSITORS)

No	Names	Shareholdings	%
1.	Anyotech Sdn. Bhd.	79,713,220	14.28
2.	Radiant Principles Sdn. Bhd.	76,836,300	13.77
3.	Pancarthiran Sdn. Bhd.	71,172,500	12.75
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Mohd Aqliff Shane Abdullah	17,500,000	3.14
5.	Puvanesan a/l Subenthiran	15,581,400	2.79
6.	AmBank (M) Berhad Pledged Securities Account for Datuk Ali Bin Abdul Kadir (SMART)	12,521,400	2.24
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yeow Kim (MG0000137)	11,850,300	2.12
8.	Andre Anthony a/l Hubert Rene	10,828,700	1.94
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Mohd Aqliff Shane Abdullah	9,790,000	1.75
10.	Ho Kat Sin	8,745,700	1.57
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Datuk Ali Bin Abdul Kadir (PB)	4,484,000	0.80
12.	Ulaganathan a/l Muthu Pandithan	3,499,400	0.63
13.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lok Huey Ming	3,100,000	0.56
14.	Firmansyah Aang Bin Muhamad	2,846,900	0.51
15.	Shaiful Zahrin Bin Subhan	2,846,900	0.51
16.	Sua Yong Chin	2,500,000	0.45
17.	Lee Siew Lin	2,450,000	0.44
18.	Ong Yew Beng	1,900,000	0.34
19.	Goh Buck Chooi	1,750,000	0.31
20.	Ong Hoee Siong	1,700,000	0.30
21.	Rio Capital Sdn. Bhd.	1,666,000	0.30
22.	Datuk Ali Bin Abdul Kadir	1,525,000	0.27
23.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Salbiah Binti Shuib (CEB)	1,500,000	0.27
24.	Chu Yeping	1,395,000	0.25
25.	Md Luckmal Hakim Bin Zubit @ Zubir	1,340,000	0.24
26.	Nicole Wong Yinmun	1,330,000	0.24
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teng Chuan	1,290,000	0.23
28.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Peng Kai (MG0000119)	1,218,000	0.22
29.	M&A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Choon Nee Siew (M&A)	1,200,000	0.21
30.	Dato' Mohamed Sharil Bin Mohamed Tarmizi	1,200,000	0.21

PROPERTY OF THE GROUP

Location	Description / Existing Use	Built up area of building (sq. ft)	Age of Building (years)	Tenure	Net Book Value as at 31.12.17	Date of Acquisition / Revaluation
Privasia Sdn. Bhd.						
Unit C-21-01 to 07, 3 Two Square, No. 2 Jalan 19/1 46300 Petaling Jaya, Selangor Darul Ehsan.	1st Storey: Retail Lot – Tenanted	1,798	9	99 years lease expiring on 6 September 2106	13,034,575	03.03.2016 revalued
	2nd -7th Storey: Office Use	23,508				
Strata title held under PN50495, Bangunan M1-C/2/130, Lot 103, Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan.						

PRIVASIA

PRIVASIA TECHNOLOGY BERHAD
(Company No. 825092-U)
Incorporated in Malaysia

FORM OF PROXY

Number of Shares held	CDS Account No.
	- -

I/We (name) ____________________ NRIC / Company No. ____________
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

(Tel No. ____________) of ____________________
(FULL ADDRESS)

being a member/members of **PRIVASIA TECHNOLOGY BERHAD**, hereby appoint the following:

Name of Proxy	NRIC/Passport No.	No. of Shares	Proportion of Shareholdings (%)
and/or failing him/her			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Tenth Annual General Meeting ("10th AGM") of the Company to be held at Unit C-21-02, 2nd Floor, Dataran 3 Dua (3 Two Square), No. 2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 June 2018 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

	ORDINARY RESOLUTION	FOR	AGAINST
1	To re-elect Puvanesan a/l Subenthiran as Director.		
2	To re-elect Ronnie Kok Lai Huat as Director.		
3	To re-elect Dato' Mohamed Sharil Bin Mohamed Tarmizi as Director.		
4	To approve the payment of Directors' fees and allowances from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.		
5	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration.		
6	To retain Mr. Brian Wong Wye Pong as an Independent Non-Executive Director.		
7	To authorise the Directors to issue shares pursuant to Section 76 of the Companies Act, 2016.		

Dated this ____ day of ____________ , 2018

____
Signature
(If Shareholder is a corporation,
this part should be executed under seal)

NOTES TO FORM OF PROXY:
1. A member of the Company entitled to attend and vote at 10th AGM ("Member") may appoint not more than two (2) proxies to attend and vote instead of him/her.
2. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specified the proportions of his/her shareholdings to be represented by each proxy.
3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a Meeting shall have the same rights as the Member to speak at the Meeting.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
6. For a proxy form to be valid, it must be deposited at the Registered Office of the Company at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before time appointed for the Meeting or any adjournment thereof.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. An instruments appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.
8. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 June 2018 pursuant to Article 79 and paragraph 7.16 (2) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.
9. Pursuant to Paragraph 8.31A(1) of the Ace Market Listing Requirement, all the resolutions at the 10th AGM of the Company shall be put to vote by way of poll.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 April 2018.

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AFFIX
STAMP
HERE

The Company Secretary
PRIVASIA TECHNOLOGY BERHAD
(Company No. 825092-U)
No.62C, Jalan SS21/62,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

fold here

Privasia Technology Berhad
(Incorporated in Malaysia) (825092-U)
C-21-02, 3Two Square,
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46300 Petaling Jaya,
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