PRIVASIA TECHNOLOGY BERHAD

(Incorporated in Malaysia)
Registration No. 200801023769 (825092-U)

ANNUAL REPORT 2019

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

CONTENTS

NOTICE OF
THE TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting ("12th AGM") of Privasia Technology Berhad ("PTB" or "the Company") will be conducted fully virtual at the Broadcast Venue at the **12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** on **Wednesday, 29 July 2020** at **10.00 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1	To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon.	*Please refer to Note 1 of the Explanatory Note*
2	To re-elect the following Directors who shall retire pursuant to Clause 165 of the Company's Constitution and being eligible, have offered themselves for re-election:-	
	i. Dato' Mohamed Sharil Bin Mohamed Tarmizi; and	Ordinary Resolution 1
	ii. Puvanesan A/L Subenthiran.	Ordinary Resolution 2
3	To approve the payment of Directors' Benefits for the period from 1 July 2020 until 30 June 2021.	Ordinary Resolution 3
4	To approve the payment of Directors' fees and benefits of its subsidiaries of RM52,160 for the financial year ended 31 December 2019.	Ordinary Resolution 4
5	To approve the payment of Directors' fees up to an amount of RM318,000 for the period from 1 July 2020 until 30 June 2021.	Ordinary Resolution 5
6	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6

AS SPECIAL BUSINESS:

To consider and, if thought fit, with or without any modifications, to pass the following Ordinary Resolution:-

7 **Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.** — Ordinary Resolution 7

"**THAT** pursuant to Section 75 and 76 of the Companies Act, 2016, and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares on Bursa Malaysia Securities Berhad."

Any Other Business

8 To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and Company's Constitution.

By Order of the Board,

WONG CHOW LAN (MAICSA 7012088)
(SSM PC NO. 201908000012)

FOO LI LING (MAICSA 7019557)
(SSM PC NO. 201908001737)
Company Secretaries

Petaling Jaya
Date : 30 June 2020

NOTES

1. The meeting will be conducted fully virtual where shareholders are only allowed to participate remotely via live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Online Portal at https://web.lumiagm.com. With RPEV facilities, a shareholder may exercise his/her right to participate and vote at the 12th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to bsr.hepldesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 12th AGM in order to register, participate and vote remotely via RPEV facilities.

2. The venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue (Broadcast Venue). No shareholders/proxy(ies) from the public will be physically present at nor admitted to the Broadcast Venue.

3. For the purpose of determining who shall be entitled to participate in the 12th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 21 July 2020. A Depositor whose name appears as such Record of Depositors shall be entitled to participate the Meeting.

4. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote on his/her behalf. Where a member appoints more than one (1) proxy, the member shall specify the proportion of the shareholding to be represented by each proxy, failing which the appointments shall be invalid.

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

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of its attorney duly authorised in writing.

7. 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.

8. Where a Member is an Exempt Authorised Nominee as defined under SICDA 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.

9. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority, must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrar Sdn. Bhd. and may either be in the following manner:-

   i) Either by hand or post, to the extent that is permissible to do so pursuant to the Movement Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or

   ii) Electronically via email at BSR.Helpdesk@boardroomlimited.com or

   iii) Electronic means via Share Registrars website, Boardroom Smart Investor Online Portal. Kindly follow the link at https://boardroomlimited.my to log in and deposit your proxy form electronically not less than forty eight (48) hours before time for holding the Meeting or any adjournments thereof or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.

10. Pursuant to Paragraph 8.31A(1) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, all the resolutions in the 12th AGM of the Company shall be put to vote by way of poll.

11. By submitting the proxy form, the member consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, including any adjournment thereof.

Explanatory Notes on Ordinary Business

1. Agenda 1 –Reports and Financial Statements

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

2. Agenda 3,4, and 5 - Payment of Directors' fees and benefits.

Section 230(1) of the Companies Act 2016 provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, shareholders' approval shall be sought at the 12th AGM on the Directors' fees and benefits under Resolutions 3, 4 and 5.

The Directors' benefits comprises meeting allowance payable to Directors at each meeting.

Agenda 3: Directors' Benefits for the period from 1 July 2020 until 30 June 2021

Benefits	Amount (RM)
Executive Directors	11,000
Non-Executive Directors	22,000
TOTAL	33,000

Agenda 4: Directors' Fee and Benefits of its subsidiaries for the financial year ended 31 December 2019

	Amount (RM)
Fees	48,560
Benefits - Allowances	3,600
TOTAL	52,160

Explanatory Notes on Ordinary Business (cont'd)

2. Agenda 3,4, and 5 - Payment of Directors' fees and benefits. (cont'd)

Agenda 5: Directors' Fees for the period from 1 July 2020 until 30 June 2021

Fees payable	Amount (RM)
Executive Directors	96,000
Non-Executive Directors	222,000
TOTAL	**318,000**

Explanatory Notes on Special Business

1. Agenda 7 – Authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act 2016.

The proposed Ordinary Resolution No. 7, if passed, will authorise the Directors to issue shares up to 10% of the issued and paid-up capital of the Company for the time being and for such purposes as the directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). For further information, please refer to the Statement Accompanying Notice of 12th AGM in the Annual Report 2019.

STATEMENT ACCOMPANYING NOTICE OF THE 12TH AGM

Pursuant to Paragraph 8.29(2) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad

(a) Details of individuals who are standing for election as Directors

No individual is seeking election as a Director at the forthcoming 12th AGM of the Company.

(b) Statement relating to general mandate for issue of securities in accordance with Paragraph 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

The Company has obtained the mandate from the members at the last AGM held on 20 June 2019 ("the Previous Mandate"). As at the date of this Notice, the Company did not exercise the mandate obtained at the last AGM and which will lapse at the conclusion of the 12th AGM of the Company.

The mandate will enable the Directors to take swift action in case of a need for corporate exercise or fundraising activities or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. The proceeds raised from the corporate exercises or fundraising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
(Independent Non-Executive Director)
(re-designated as Chairman on 27 May 2020)

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

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

HAIDA SHENNY BINTI HAZRI
(Independent Non-Executive Director)

HASLINDA BT HUSSEIN
(Independent Non-Executive Director)

RONNIE KOK LAI HUAT
(Chairman/Independent Non-Executive Director)
(resigned on 27 February 2020)

AUDIT AND RISK MANAGEMENT COMMITTEE

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI *(Member)*
(appointed as Chairman on 2 March 2020, re-designated as member on 27 May 2020)

HAIDA SHENNY BINTI HAZRI *(Member)*
(re-designated as member on 2 March 2020)

HASLINDA BT HUSSEIN *(Member)*

RONNIE KOK LAI HUAT *(Member)*
(resigned on 27 February 2020)

NOMINATION AND REMUNERATION COMMITTEE

HAIDA SHENNY BINTI HAZRI *(Chairman)*
(re-designated as Chairman on 2 March 2020)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI *(Member)*

RONNIE KOK LAI HUAT *(Chairman)*
(resigned on 27 February 2020)

INVESTMENT COMMITTEE

HASLINDA BT HUSSEIN *(Chairman)*
(re-designated as Chairman on 2 March 2020)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI *(Member)*
(re-designated as member on 2 March 2020)

HAIDA SHENNY BINTI HAZRI *(Member)*

PUVANESAN A/L SUBENTHIRAN *(Member)*

ANDRE ANTHONY A/L HUBERT RENE *(Member)*
(alternate to Puvanesan a/l Subenthiran)

REGISTERED OFFICE

GENESIS CORPORATE CONSULTANTS SDN BHD
Company Registration No.: 200801001148 (802432-D)
No. 62C, Jalan SS21/62, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : +603 7729 3337
Fax : +603 7729 3619

COMPANY SECRETARIES

WONG CHOW LAN (MAICSA 7012088)
(SSM PC NO. 201908000012)

FOO LI LING (MAICSA 7019557)
(SSM PC NO. 201908001737)

SHARE REGISTRARS

BOARDROOM SHARE REGISTRARS SDN. BHD.
Company Registration No.: 199601006647 (378993-D)
11th Floor, Menara Symphony, No. 5,
Jalan Semangat, (Jalan Professor Khoo Kay Kim),
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : +603 7890 4700
Fax : +603 7890 4670

STOCK EXCHANGE LISTING

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

AUDITORS

BAKER TILLY MONTEIRO HENG PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants
Baker Tilly Tower,
Level 10, Tower 1 Avenue 5,
Bangsar South City,
59200 Kuala Lumpur, Wilayah Persekutuan (KL).
Tel : +603-2297 1000
Fax : +603-2282 9980

WEBSITE

www.privasia.com

CORPORATE **STRUCTURE**

PRIVASIA TECHNOLOGY BERHAD

- PRIVASIA SDN. BHD. (100%)
  - PRIVACOM SDN. BHD. (100%)
  - PRIVASIA (SABAH) SDN.BHD. (100%)
- PRIVASAT SDN. BHD. (100%)
- PRIVANET SDN. BHD. (100%)
  - PRIVATEL SDN. BHD. (95%)
    - PRIVATEL (SINGAPORE) PTE. LTD. (100%)
  - INFOCRATS SDN. BHD. (30%)
- SPRING REACH DISTRIBUTION SDN. BHD. (70%)
- PRIVAPORTS SDN. BHD. (f.k.a PRIVAGEN SDN. BHD.) (100%)
- PRIVARAIL SDN. BHD. (80%)
  - PRIVASIA IOT SDN. BHD. (f.k.a SCANTEL SDN. BHD.) (100%)

BOARD OF DIRECTORS
(Including Key Senior Management)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI

Chairman/
Independent Non-Executive Director
(re-designated as Chairman on 27 May 2020)
(51 years of age, Male, Malaysian)

Dato' Sharil was appointed as an Independent Non-Executive Director of Privasia Group on 5 July 2017. He was Chairman of the Investment Committee and a member of the Nomination and Remuneration Committee. He was subsequently appointed as Chairman of the Audit and Risk Management Committee and subsequently re-designated as a member of Investment Committee on 2 March 2020. Thereafter, on 27 May 2020, Dato' Sharil was re-designated as a member of the Audit and Risk Management Committee and was appointed as Chairman of the Company replacing Mr Ronnie Kok Lai Huat who resigned on 27 February 2020.

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 Bina Fikir 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, Internet Society (ISOC), International Telecommunications Union (ITU), the World Bank, the World Trade Organisation (WTO), Asia Pacific Telecommunity (APT), Pacific Islands Telecoms Association (PITA), Commonwealth Telecoms Organisation (CTO), International Institute of Communications (IIC), Universal Postal Union (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 a Senior Advisor to 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 Lotus Cars UK.

Dato' Sharil was appointed as Independent Non-Executive Director/Chairman of Opcom Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia on 16 July 2019.

He was also appointed as Independent Non-Executive Director/Chairman of Bina Darulaman Berhad, a company listed on the Main Market of Bursa Malaysia on 1 September 2019.

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 2019. He attended all the five (5) Board Meetings which were held in the financial year ended 31 December 2019.

PUVANESAN A/L SUBENTHIRAN

*Chief Executive Officer/
Managing Director
(44 years of age, Male, Malaysian)*

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).
He does not hold any other directorship 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 2019.

He attended all the five (5) Board Meetings which were held in the financial year ended 31 December 2019.

Board of Directors
(Including Key Senior Management) (cont'd)

ANDRE ANTHONY A/L HUBERT RENE

Deputy Chief Executive Officer/ Executive Director
(44 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 he was an independent director of the Labuan Port Authority from June 2017 to May 2018.

He does not hold any other directorship 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 2019.

He attended all the five (5) Board Meetings which were held in the financial year ended 31 December 2019.

Board of Directors
(Including Key Senior Management) (cont'd)

HAIDA SHENNY BINTI HAZRI

Independent Non-Executive Director
(46 years of age, Female, Malaysian)

Ms Haida was appointed as an Independent Non-Executive Director of Privasia Group on 9 August 2018. She was the Chairman of the Audit and Risk Management Committee and a member of both the Nomination and Remuneration Committee and Investment Committee. On 2 March 2020, she has been re-designated as the Chairman of the Nomination and Remuneration Committee, and a member of both the Audit and Risk Management Committee and Investment Committee.

She graduated with a Bachelor of Commerce in Accounting and Finance, as well as a Bachelor of Laws (LLB) from the University of Melbourne, Australia. She also holds a Masters of Law from University of Malaya.

She has more than 20-years' experience in the oil and gas industry.

Ms Haida commenced her career with PETRONAS and she undertook legal and commercial roles in PETRONAS E&P, LNG and Technology Businesses. Her last post in PETRONAS was Chief Executive Officer, PETRONAS Technology Ventures Sdn. Bhd. She also served on various Boards of PETRONAS companies such as PETRONAS Technical Solutions Sdn. Bhd., PETROSAINS Sdn. Bhd., Lanzatech NZ Ltd. and Lanzatech USA Ltd. Whilst in PETRONAS, she was also part of various corporate strategic studies and initiatives.

In Sapura Energy (previously known as SapuraKencana), she held the position of Vice President of Strategy and New Ventures (E&P) and was involved in the building up of the E&P business for Sapura.

Ms Haida also held the position of Chief Executive Officer, Matrix Reservoir Sdn. Bhd., owner and operator of Tok Bali Supply Base, that built and operationalised the third supply base in Malaysia.

Ms Haida also holds a directorship in Velesto Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad) since June 2017 as a Non-Independent Non-Executive Director.

She 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. She 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 2019.

She attended all the five (5) Board Meetings which were held in the financial year ended 31 December 2019.

Board of Directors
(Including Key Senior Management) (cont'd)

HASLINDA BT HUSSEIN

Independent Non-Executive Director
(42 years of age, Female, Malaysian)

Ms Haslinda was appointed as an Independent Non-Executive Director of Privasia Group on 12 November 2018. She is a member of both the Audit and Risk Management Committee and Investment Committee. On 2 March 2020, she was redesignated as the Chairman of the Investment Committee.

She graduated with a Degree in Commerce majoring in Accounting from the Adelaide University, Australia. She is a Chartered Accountant with the Chartered Accountants Australia and New Zealand ("CA ANZ") and a member of the Malaysian Institute of Accountants.

Ms Haslinda began her career in 2000 as an auditor in Arthur Andersen and later in Ernst & Young, Malaysia. She then joined PETRONAS, a Fortune Global 500 company, from year 2003 to 2016 with her last position being Head of Strategic Planning and Portfolio Management. During her 13 years of tenure in PETRONAS, she also held other senior positions including Head of Group Planning & Performance and Head of Group CFO Office where she played an instrumental role in a stapled REIT listing and corporate bond issuance. Her experience in PETRONAS also includes tax, budgeting, financial modelling, financial accounting, reporting and management.

Currently, she manages an investment holding company which also operates one of the biggest private art galleries in Malaysia. Ms Haslinda does not hold any other directorship of public companies.

She 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. She 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 2019.

She attended all the five (5) Board Meetings which were held in the financial year ended 31 December 2019.

Board of Directors
(Including Key Senior Management) (cont'd)

RONNIE KOK LAI HUAT

Chairman/Independent Non-Executive Director
(resigned on 27 February 2020)
(65 years of age, Male, Malaysian)

Ronnie Kok Lai Huat was appointed as an Independent Non-Executive Director of Privasia Group on 5 July 2017. He was the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. He resigned as Chairman of the Board on 27 February 2020.

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

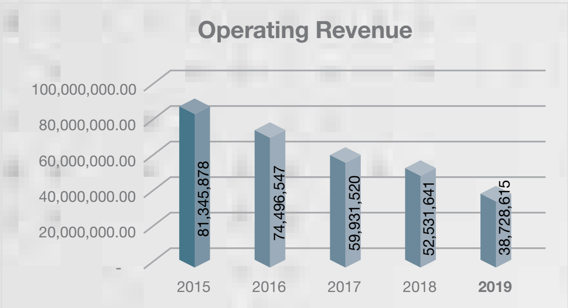
He was Vice President of JT International Tobacco Company (formerly R.J. Reynolds Tobacco Company) from July 1996 to February 2002. Subsequent to this, he was the Marketing Director of Sampoerna Malaysia from June 2002 to August 2004 and thereafter Director-International Marketing of Sampoerna International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

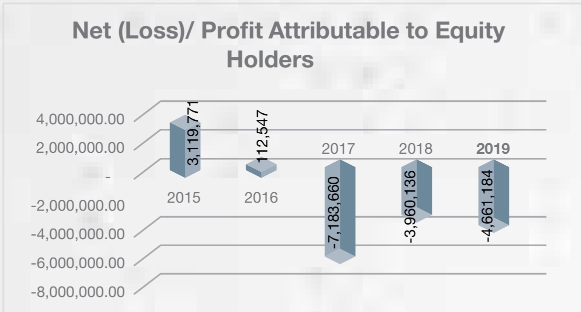
His directorship in other public company is Time dotCom Berhad in which he is the Senior Independent Non-Executive Director, Chairman of the Audit Committee and member of both the Nomination and Remuneration Committee and Tender Committee.

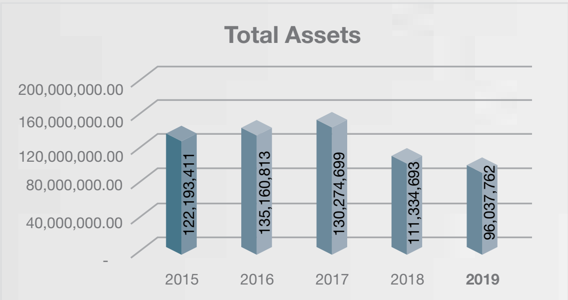
He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2019.

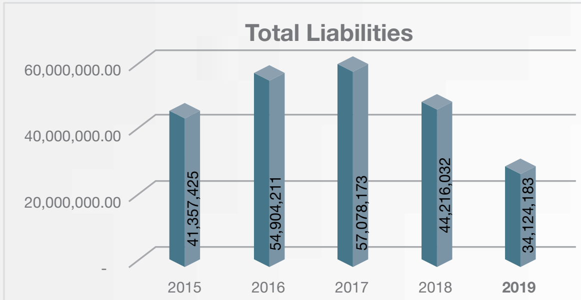
He attended all the five (5) Board Meetings which were held in the financial year ended 31 December 2019.

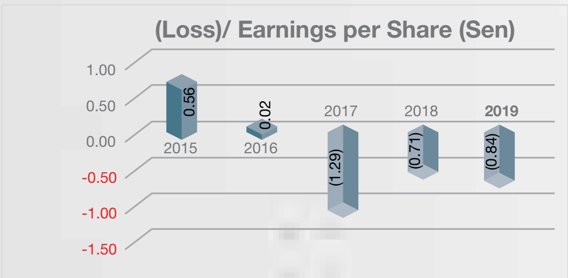
5 YEARS
GROUP FINANCIAL HIGHLIGHTS

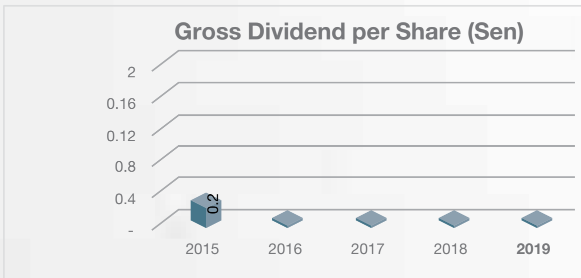












	2019(RM)	**2018**(RM)	**2017(RM)**	**2016(RM)**	**2015(RM)**
Operating Revenue	38,728,615	52,531,641	59,931,520	74,496,547	81,345,878
Operating (Loss)/Profit	-3,058,574	-2,190,677	-3,573,588	4,100,653	3,840,570
(Loss)/Pofit Before Tax	-4,456,962	-3,715,684	-5,302,309	3,208,974	3,307,849
(Loss)/Profit After Tax	-5,241,688	-4,818,102	-7,060,076	337,016	2,192,234
(Loss)/Profit Attributable to Equity Holders	-4,661,184	-3,960,136	-7,183,660	112,547	3,119,771
Total Assets	96,037,762	111,334,693	130,274,699	135,160,813	122,193,411
Total Liabilities	34,124,183	44,216,032	57,078,173	54,904,211	41,357,425
Shareholders Equities	62,416,841	68,225,534	73,257,953	80,441,613	81,445,466
Net Assets Per Share (RM)	0.11	0.122	0.131	0.14	0.15
(Loss)/Earnings per Share (Sen)	-0.84	-0.71	-1.29	0.02	0.56
Gross Dividend per Share (Sen)	-	-	-	-	0.2

MANAGEMENT DISCUSSION AND ANALYSIS

The Management anticipates that Year 2020 will be a challenging year in view of the current economic downturn domestically and globally. With the outbreak of the novel coronavirus ("Covid-19') pandemic, it is expected to further impact business and consumer sentiment and confidence, leading to weakened worldwide expansion this year. The adverse impact of the Covid-19 pandemic has been felt across the world. As a result, International Monetary Fund had in its World Economic Outlook published in April 2020, projected a global growth of -3%, while predicting a contraction of 1.7% and 0.6% for Malaysia and the ASEAN-5's gross domestic product respectively in 2020, before rebounding in 2021 as economic activities projected to normalise.

To counter with the cutback on economic activities due to the impact of Covid-19, stimulus packages announced by government aims to protect the welfare of the people and support businesses. The announced measures should provide a much-needed boost to the economy in these challenging times, while safeguarding the fiscal position of the country. The Group is pursuing various measures to manage the uncertainties and the potential impact.

As the economy faces these challenges, we have been forced to face the reality that how businesses, public and social services are conducted have changed and will continuously change to what is now called The New Normal. The Management is of the view that The New Normal is an opportunity for companies such as ours as the need and demand grows for the adoption and digitisation of business services.

Operation Review

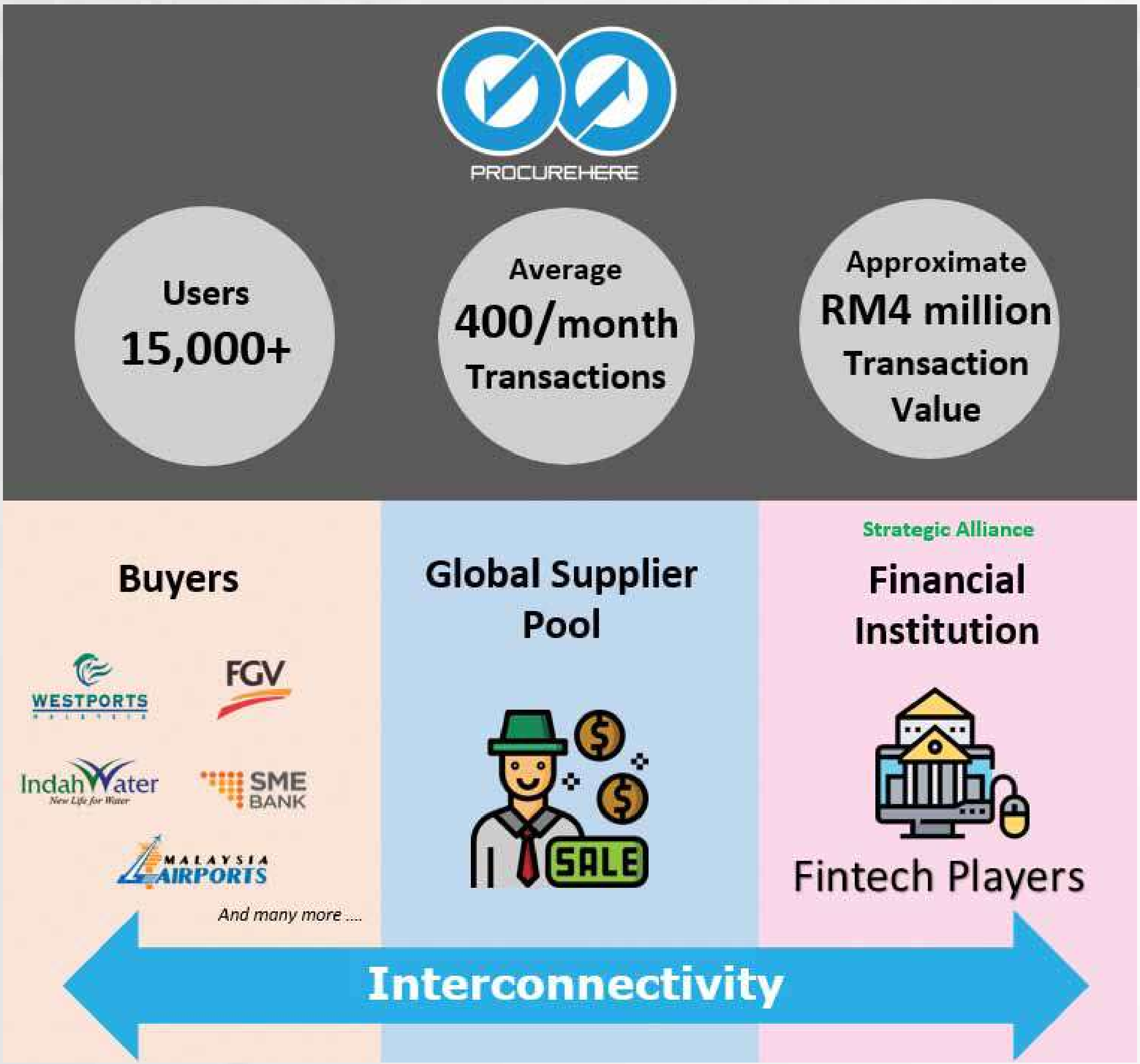
Building on our momentum from the previous year, Privasia continues to execute its transformation plan to reemphasize our focus on our core competencies of developing in-house Intellectual Property (IP) products. At the same time, the Group also streamlined other divisions and maintained cost management measures to optimise operations.

❖ **Information Technology (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. The Group's two main in-house IP products are ProcureHere (a Source-to-Pay, eProcurement Solution) and iTap (an Integrated Port Management Solution).

The Group continued to fulfil its outsourcing contracts for its clients. The Group also continued to strategically reduce acceptance of lower-margin systems integration jobs and carry out fewer ad-hoc e-Bidding events, in favour of encouraging users towards utilising our proprietary ProcureHere platform.

Management Discussion
and Analysis (cont'd)



ProcureHere currently has 15,000 users, consisting of suppliers and buyers across various spheres. The platform has facilitated on average of over 400 monthly transactions, with an approximate value of RM4 million. We have established strategic alliances with fintech players. The collaboration will allow the ProcureHere platform to facilitate the offering of financing options to its users by utilising technology from fintech players.

iTap is still in the midst of development, and during the year we have successfully on boarded 2 customers which have already commenced using some features of the system. We believe that the adoption rate would increase as we roll out further features during the year.

During the year we also commenced rolling out services in automation specifically in the space of IOT (Internet of things) and machine learning space. We commenced rolling out our first project in the last quarter of 2019. We are excited about fulfilling new projects in this space in the future.

The division recorded lower revenue of RM29.5 million in FY2019, compared to RM37.0 million the year before due to renegotiation of contract terms with customers. As a result of the lower revenue and margin, the segmental profit before tax decreased from RM4.4 million to RM2.6 million.

❖ **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.

In year 2019, we focused on trimming costs and moving focus away from ad hoc services to longer term contracts.

The division recorded revenue of RM7.7 million, compared to RM13.8 million in FY 2018, as the Group ventured into other new but more profitable installation services. As a result, segmental loss reduced to RM2.3 million, versus segmental loss of RM2.9 million in FY2018.

❖ **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.

The Group continued to streamline its customer base by focusing on building higher quality clientele, as well as implementing cost management measures. As a result, FY2019 saw the segment contribute RM2.3 million in revenue compared to RM3.3 million recorded in FY2018; whilst operating loss of RM3.7 million in FY2019 improved as compared to the RM4.5 million operating loss incurred in FY2018.

Financial Review

Resulting from Privasia's strategic approach, Privasia recorded RM38.7 million revenue for FY2019, a reduction from RM52.5 million in the previous year. The Group's strategy is to target higher-margin projects, improve cost management, as well as becoming the main project holder instead of being a subcontractor.

Nonetheless, our efforts to focus on higher quality earnings enabled us to report higher gross margins of 29.0% in FY2019, up from 26.1% in FY2018.

Our net loss after tax in FY2019 was at RM5.2 million, compared to RM4.8 million mainly due to impairment on goodwill. Net loss after tax in 2019 remained at RM4.8 million if the impairment on goodwill is excluded.

In terms of its financial position, the Group's total assets declined to RM96.0 million as at 31 December 2019, compared to RM111.3 million in the year before, due to disposal of certain assets and lower trade receivables in line with decreased revenue.

As at the same date, the Group's deposits, cash and bank balances stood at RM6.8 million, compared to RM8.3 million last year. Loans and borrowings decreased to RM21.6 million, from the previous year figure of RM28.5 million as the Group continues to reduce its debt.

The net gearing ratio for the Group stood at 19% as at 31 December 2019, an improvement from 23% a year ago.

Industry Outlook

Digitisation has shown to be a significant enabler for business opportunities during these challenging times. Companies who have adopted to digital solutions with strategic planning have ensured business continuity within their organisation. Below are 3 key digital enablers which shown great growth amid turbulent times.

Management Discussion
and Analysis (cont'd)

E-Commerce

Grocery Delivery

Daily online Food Orders

E-Commerce the new Norm for shopping

Platform

Restaurants E-Deliver onboarded

Video Conferencing

Increase in Sharing Economy & Remote Working Services Adoption

Data & Cloud

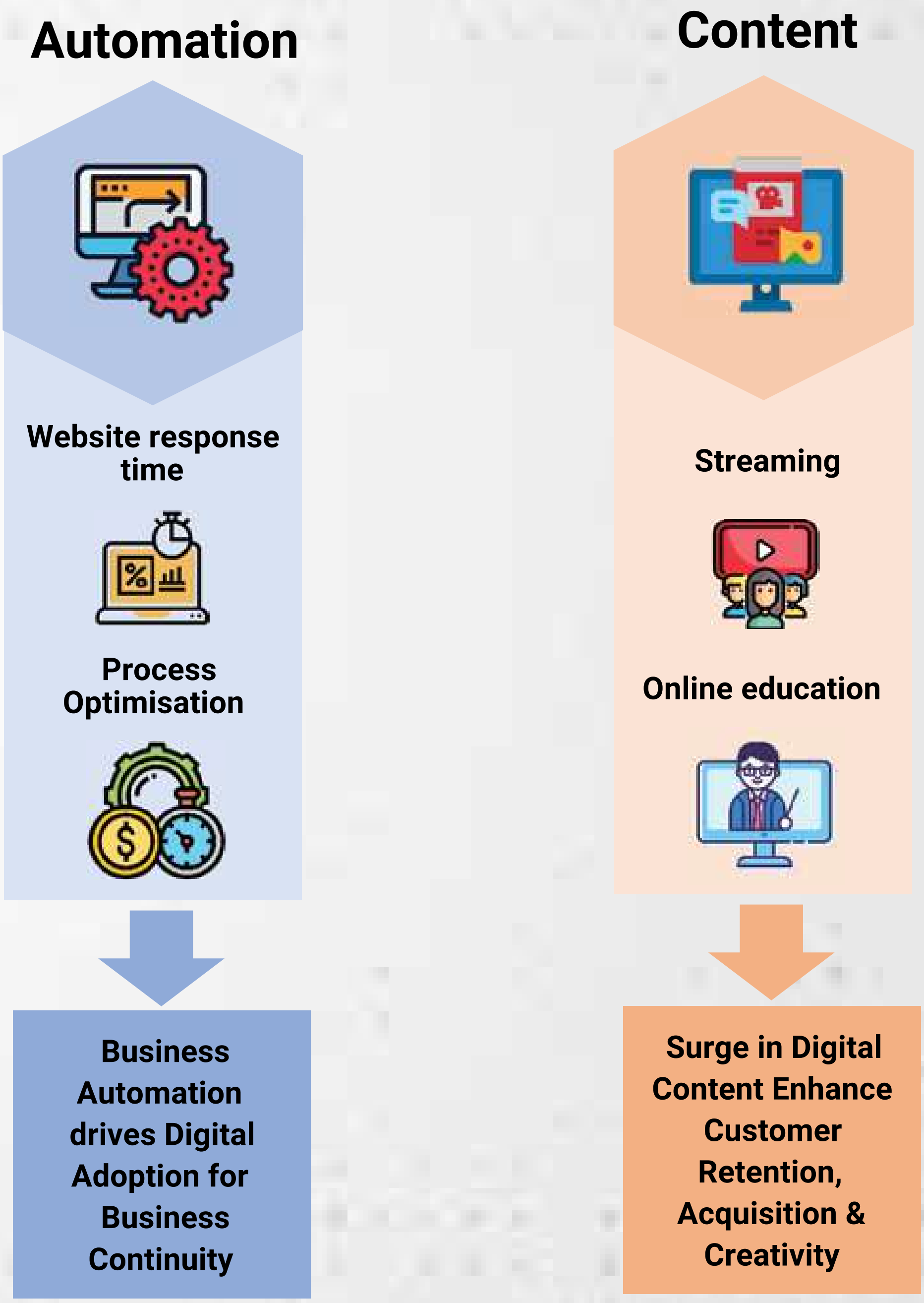
Cloud Services

Remote Collaboration

Data & Cloud as a central element to drive innovation

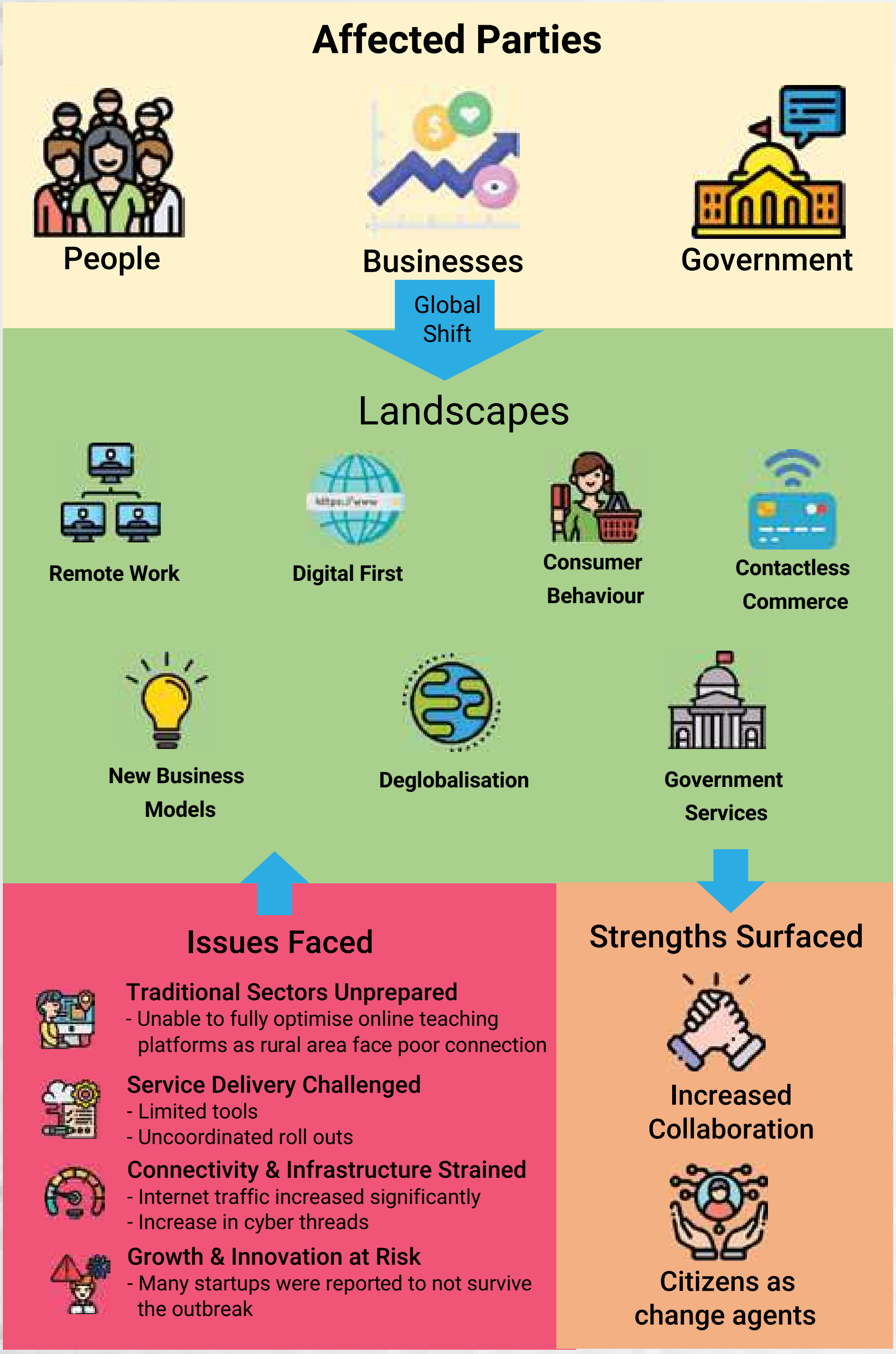
Management Discussion
and Analysis (cont'd)

Massive opportunities can be unlocked for businesses which adopts digitalisation. This was made more apparent during turbulent times as businesses have to transform and accommodate the shift of customer behaviour and economy landscape. Below are 2 sectors which has shown great impact to businesses amid turbulent times.



Management Discussion
and Analysis (cont'd)

We have seen a change in landscape on how we work, live and play amid these turbulent times. While behaviours have shifted, many sectors were not prepared for digitalisation, leading to inefficient gaps to adopt to change.



INFORMATION TECHNOLOGY SEGMENT

Growth Strategy

We are aware of the ample opportunities that are present in the Malaysian market as we enter an increasingly digital-based era. We are confident that the expertise in Privasia will be able to meet the ever-changing demands during these times.

The Group's order book stands at RM60 million, which will ensure job continuity until 2024. We have an enormous desire to expand in these coming years, and are taking the necessary steps to realise this vision.

❖ **Fast track growth of IP products in the IT Segment**

For our IT segment, we intend to gain traction for our in-house developed products, namely ProcureHere and iTap as we believe that our customers and targeted market segments will focus a lot of effort in digitising their operations. To achieve these goals we are looking to increase market awareness for our brands, specifically in areas of operational and cost savings benefits coupled with the ease of adoption and strong domain knowledge in these areas.

The Group will also be looking at potential strategic alliances, or mergers and acquisitions to complement current offerings, as we delve into an increasingly fast-changing digital age.

We are positioning ourselves as a customer-centric technology developer, and are improving on the quality of projects we take up. Going forward, we will be ramping up our R&D towards either creating new in-house IP products, or updating them to meet the ever-changing demands in the IT industry.

❖ **Expanding Cooperation with Telecommunication Service Providers in the ICT Segment**

For the ICT segment, we aim to provide service enhancement initiatives beyond network optimisation into other engineering services especially in infrastructure and service delivery. This value-added services will enable us to continue working directly with telco companies and key principals.

We are also supportive of Government initiatives towards creating a more digitalised Malaysia by making high speed internet access more widespread and affordable. These plans are in line with the Government's aspirations to digitally transform its economy and workforce, as well as to bridge the digital divide between the haves and haves not. The government's push for this, embodied in efforts such as the National Fiberisation and Connectivity Plan (NFCP), means that there will be opportunities for the Group to tap into, considering that there are some six phases to the NFCP that will span over the next three years.

The Group intends to tender for more projects while maintaining its track record in successfully delivering projects nationwide to all major telcos. This includes expanding our scope beyond outdoor cellular installations to include indoor coverage, last mile fibre and outside plant deployments.

❖ **Optimisation and Realigning of Strategies in the SAT Segment**

The Group intends to continue its efforts towards streamlining the division and optimising our customer portfolio. The steps we have already taken have slowly started to bear fruit, but we recognise that there is still work to be done. While in the past we have been a reseller of Very Small Aperture Terminal (VSAT) connectivity only, we will be switching our focus towards managed services offering with more comprehensive product portfolios which will bring more value to our customers and open up more segments for us to target.

We will also 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 and as the market responds better towards offerings.

All in all, we are heartened that our efforts have borne signs of improvement. We will accelerate our endeavours to fully implement these measures, and are fully committed to the transformation of Privasia into a growing and sustainable entity.

SUSTAINABILITY STATEMENT

For Financial Year Ended 31 December 2019

INTRODUCTION

The Board acknowledges the importance of embedding sustainability into the operations of the Group in order to fulfil the expectation and requirement of its stakeholders, to provide better understanding on the Group's business approaches in managing economic, environment and social risk and opportunities.

Our approach to sustainability takes a long-term and holistic view of ensuring sustainable business practices, to create long-term value for all our stakeholders, underpinned by our vision of simplifying business by always innovating and nurturing talent as everyone deserves the best value.

Sustainability is an integral part of our business and as we move forward, we shall emphasise and participate in sustainability efforts in the areas of environment, economic and social ("EES") to the benefit of our stakeholders. This Statement has been prepared in accordance with the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad.

ECONOMIC

A) Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, they can access all the general information and announcements through Group's corporate website at www.privasia.com or Bursa's website.

B) Marketplace

Privasia is a technology-based company operating in a very challenging and competitive business environment, yet we foresee a sustainable business growth in current and future fiscal years through our innovative and customers-centralised products and services.

We are the pioneer and developer of "Procurehere", an electronic based procurement system which promotes transparency in carrying out procurement activities and significantly weed out possibilities of corruptions with its audit trail functions. This is in line with the central government's campaign to combat and fight against corruption in the country.

Should our employees possess any knowledge, or suspect any potential incidents of business misconducts including bribery or accepting kick-backs, they are encouraged to report such incidents through our established "whistleblowing" policy.

We strongly belief a robust information communication technology ("ICT") infrastructure can boost the economy growth for the nation. Therefore, our team of technicians had reached far beyond to erect and build telecommunication systems and facilities in rural areas across East and West Malaysia.

Ensuring customer satisfaction and loyalty continues to be a priority at Privasia. We are committed to better understanding customer perspectives and refining our offerings to meet and exceed expectations for reliability, efficiency and sustainability. For this purpose, we have established dedicated hotlines to cater for customers' enquiries and helpdesk support.

The Group contributes to employment creation directly (i.e. hiring of employee and purchase of goods and services). As most of our subsidiaries are located within the geographical region of Malaysia, we are able to prioritise local sourcing of goods and services to reduce the use of carbon miles from transporting goods and help stimulate the growth of our local economy. Our selection of suppliers and contractors takes into consideration of the skills that are required to meet our Group's objective and we conduct periodic performance assessments to ensure that their performances are up to standard. The outsourcing of successfully secured projects to local contractors has further contributed to the creation of job opportunities within the local community.

ENVIRONMENTAL

The Group is committed in minimising the potential impact of its operations on the environment by adopting and applying environmentally responsible practices in achieving long term sustainability growth. We had considered safety and environmental factors in all our operating decisions and explored possible opportunities to minimise any adverse impact from the erection and dismantling (of telecommunication or information related system and equipment) operations, waste disposal and energy consumption.

We will not dispose-off directly old IT equipment such as computer monitor, servers and peripherals. Instead we will refurbish these equipment and re-sell as second hand to interested buyers or distribute them to schools (part of our CSR activities).

The Group has continued its go "green" campaign to promote and support the practices for using the resources in an environmental friendly manner. We had initiated the following actions with the aim to preserve the environment:

- Encourage staffs to print on recycled paper or double-sided format;
- Communication via emails, including pursing a "paperless" office solution e.g. HR System - RAMCO to reduce usage of papers;
- Close monitoring of water and electricity (for e.g. switching off lights and air conditioning during non-peak hours) consumption;
- Provide recycle bins at all floors of Privasia's headquarter office

SOCIAL

A) Workplace

i) Employees' Welfare and Well-Being

Privasia recognises the value of its employees. To promote closer working relationships and better understandings among the employees, social activities are organised, such as Company Annual Dinner and monthly birthday celebrations for employees. Various welfare and benefit are provided for the advantage or comfort of our employees, such as at least 60 days of maternity leave (as per requirements mandated in Employment Act 1955), paternity leave, medical/ personal accident insurance, subsidy for expenses related to child arrival, yearly health screening, optical, dental, telecommunication (for subscribing to corporate preferred telco service provider) etc.

We strictly adhere to local labour regulations and have implemented national minimum wage law for all employees working in Malaysia. Remuneration packages offered to employees are strictly based on their position and allocation of job scope, irrespective of gender. Besides, the basic salaries that we offered to employee are at least 60% greater than minimum wage rate mandated by the Minimum Wage Order of Malaysia.

ii) Health and Safety

We place great importance on safety aspects as some of our contractors or even employees may be required to expose themselves to perform dangerous activities (such as climbing up satellite or communication towers.). We ensure our contractors and employees are properly briefed and well trained on safety precautions and procedures. Personal Protective Equipment (PPE) is also provided when our contractors and employees are carrying out their duties.

SOCIAL (cont'd)

A) Workplace (cont'd)

iii) Skills Development

Privasia has always recognised the important role of its employees. The management believes that efficient, effective, knowledgeable and satisfied employees are essential for the growth of the organisation. Towards this end, yearly training budget has been allocated and both in-house and external trainings are continuously provided to upgrade job knowledge and develop new skills. For this reporting financial year ended 31 December 2019, a total of 2,151 hours of professional training programmes were organised, as shown in the table below.

No	Programmes	Number of attendees	Training hours per person	Total Training hours	Training Objectives
1	Define: Digital Marketing	1	32	32	Understand the advantages of utilising the various channels of digital marketing for business.
2	Performance Improvement Plans & Documentation: The Influential Tools for Managing Under-Performed Employees	1	8	8	Understand the procedural and steps in determining the requirement of the performance improvement plan
3	E-Perolehan Intensive Course	1	8	8	Effective use of e-Perolehan system by vendors
4	NIOSH TM Safety Passport	5	8	40	Occupational heath and safety at work place
5	Working at Height	1	8	8	Occupational heath and safety at work place
6	Goals Essential - Self Leadership Development Program (SLDP)	21	72	1512	Provide middle level potential leaders with a comprehensive learning and development course, that will ultimately help to achieve both personal and organizational goal
7	F5 Networks - FireEye joint Security TechXchange	1	4	4	Best practices, use cases and pro tips that help manage cyber attacks better and advanced threat protection.
8	Business English: Making Presentations	3	13	39	Business English: Effective presentations
9	User Interface Design Specialization	1	8	8	Make effective and specialize in interface design.
10	ITIL 4 Foundation	9	24	216	Provide a deep understanding of the 7 Guiding Principles, 4 Dimensions of Service Management & the core of ITIL version 4.
11	Data Science With Python	2	24	48	Explore Python fundamentals, including basic syntax, variables, and types
12	Siemens S71200 PLC (TIAPortal V15, WinCC Flexible & Webserver)	5	24	120	Emphasis on the practical aspects of Programmable Logic Controller applications.
13	Internal & External Fiber Optic Cabling	4	16	64	Expose the employees with the concept of internal wiring and termination fiber at termination box and fiber wall socket in accordance to Telekom Malaysia standards and specifications

SOCIAL (cont'd)

A) Workplace (cont'd)

iii) Skills Development (cont'd)

No	Programmes	Number of attendees	Training hours per person	Total Training hours	Training Objectives
14	CFO Innovation Malaysia Forum	1	8	8	Knowledge of future trends, issues and disruptions necessary to navigate the fourth industrial revolution and come out ahead.
15	2020 PKF Tax Seminar	2	8	16	Provides a practical inderstanding of the key budget proposals including risks, opportunities and highlights on the latest developments in the tax landscape in Malaysia including current changes in SST
16	Budget 2020 Highlights & Latest Tax and SST Updates	2	8	16	Understand the in-depth analysis of keys proposals and tax changes of budget 2020 and its tax impacts to businesses
17	Adoption of ISO 20022 Standard	2	2	4	Changes to the template for corporate announcements on Bursa LINK
		62		2151	

In addition, our HR Department conducts induction training to all newly hired employees. The training includes awareness and understanding on the importance of Company policies. To further enhance our employees' development, the Department Heads conducts performance appraisal annually based on predetermined Key Performance Indicators (KPIs). On-the-job training is also provided for new employees to ensure they are well equipped with the necessary skills to undertake the tasks assigned.

Besides, we are one of the certified and authorised training employers for the prestigious Institute of Chartered Accountants in England and Wales ("ICAEW") professional body. This means that we can offer the relevant training programs as required by the ICAEW for our employees who are interested to pursue their career as Certified Chartered Accountant.

We encourage our employees to be professionally certified in their area of expertise and we will reimburse the annual membership fees paid by our employees to their respective professional bodies.

iv) Anti-Discrimination Policies, Performance Review and Gender Equality

The Group is committed in ensuring fairness in career opportunities. The Group adopts a non-discriminatory policy for hiring and promoting employees.

Our staff is composed of Malay (50.4%), Indian (20.6%), Chinese (9.9%), Other (0.8%) and expatriates (18.3%) as a whole. We consistently provide opportunities for our employees to develop themselves. This is largely due to the fact that 33.6% of our employees are between the ages of 20 to 30. We consciously encourage knowledge transfer from the more senior employees, in particular those in the ages of 30 to 40 years to the younger ones, so that they can eventually take the mantle of leadership within the Company at the appropriate time.

SOCIAL (cont'd)

A) Workplace (cont'd)

iv) Anti-Discrimination Policies, Performance Review and Gender Equality (cont'd)

We encourage our employees to grow with the Group and as such, in order to understand each employee's capability and expectation towards the Group, we conduct a quarterly performance review between superiors and employees. Other than quarterly performance appraisal, all employees received evaluation for work performed to promote learning and embrace opportunities for career development through informal/verbal feedback from immediate superiors.

The Group advocates an "open door" communication culture whereby employees are encouraged to provide their suggestion and feedback through direct communication with management personnel, or even to Human Resources Department where appropriate.

We promote gender equality as we possess a healthy gender balance, whereby our employees holding key management positions consist of both male and female personnel of which 25% of the managers and senior managers are female.

B) Community

i) Sponsorship for Sports Event

Privasia is committed to supporting activities that enrich and enhance the lives of the larger community by promoting the spirit of sportsmanship. We are one of the sponsors of the Westports Malaysia Dragons who participates in the ASEAN Basketball League ("ABL"). 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.

ii) Monitoring Safety of Telecommunication Facilities and Communication Towers

Telecommunications facilities and communication towers, i.e. our product offerings emits electronic magnetic frequency ("EMF") that are harmful to human health. Therefore, we ensure our communication facilities and equipment are erected at a distance that are safe from the local community, and equipment used for our installation are all certified by the SIRIM Malaysia for safe usage. Access to our facilities is also safeguarded with proper fencing and lock facilities to prevent malicious entries by unauthorised personnel.

iii) Involvement in Community Activities

The Group continues to play an active role as a socially responsible corporate citizen in the community through variety of activities held for society well-being at large. During the year, the Group continued to participate in various community activities by means of providing donation in monies and in-kind to schools and non-profit organisations.

STATEMENT OF 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 new Malaysian Code on Corporate Governance 2017 (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. This statement also serves as a compliance with Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 composition of the Board during the year under review is as follows:-

- Dato' Mohamed Sharil Bin Mohamed Tarmizi (Chairman/Independent Non-Executive Director)(re-designated as Chairman of the Board on 27 May 2020)
- Puvanesan a/l Subenthiran (Managing Director/Chief Executive Officer)
- Andre Anthony a/l Hubert Rene (Executive Director/Deputy Chief Executive Officer)
- Haida Shenny Binti Hazri (Independent Non-Executive Director)
- Haslinda Bt Hussein (Independent Non-Executive Director)
- Ronnie Kok Lai Huat (Chairman/Independent Non-Executive Director)(resigned on 27 February 2020)

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.

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

Practice 1.1: COMPANY'S LEADERSHIP AND STRATEGIC AIMS (cont'd)

THE BOARD OF DIRECTORS AND BOARD STRUCTURES (cont'd)

The Board reserves certain power for itself and delegates other matters to the Chief Executive officers ("CEO") and senior management. 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 Whistleblowing 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 composition of each Board Committee during the year under review is as follows:

Audit and Risk Management Committee

Members

Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director)(appointed as Chairman on 2 March 2020 and re-designated as member on 27 May 2020 after he was appointed as Chairman of the Board)
Haida Shenny Binti Hazri (Independent Non-Executive Director)(re-designated as member on 2 March 2020)
Haslinda Bt Hussein (Independent Non-Executive Director)
Ronnie Kok Lai Huat (Independent Non-Executive Director)(resigned on 27 February 2020)

Nomination and Remuneration Committee

Members

Haida Shenny Binti Hazri (Independent Non-Executive Director) – Chairman (re-designated as Chairman on 2 March 2020)
Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director)
Ronnie Kok Lai Huat (Independent Non-Executive Director)(resigned on 27 February 2020)

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

Practice 1.1: COMPANY'S LEADERSHIP AND STRATEGIC AIMS (cont'd)

THE BOARD OF DIRECTORS AND BOARD STRUCTURES (cont'd)

The composition of each Board Committee during the year under review is as follows: (cont'd)

Investment Committee

Members

Haslinda Bt Hussein (Independent Non-Executive Director) – Chairman (re-designated as Chairman on 2 March 2020)
Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director)(re-designated as member on 2 March 2020)
Haida Shenny Binti Hazri (Independent Non-Executive Director)
Puvanesan a/l Subenthiran (Chief Executive Officer/Managing Director)
Andre Anthony a/l Hubert Rene (Executive Director/Deputy Chief Executive Officer) – 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. On 27 May 2020, Dato' Mohamed Sharil Bin Mohamed Tarmizi whom is an Independent Non-Executive Director, has been re-designated as Chairman of the Board.

The Chairman is responsible for:

I. leading the Board in setting the values and standards of the Company;
II. maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
III. 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 acts as the Managing Director is 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;
III. responsible for the development and implementation of the strategies for the Group; and
IV. implementing the policies, strategies and decisions adopted by the Board.

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

Practice 1.4: Company Secretaries

The role of the Company Secretaries is 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 (at least five business 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 sign 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.

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

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 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

On 27 February 2020, Ronnie Kok Lai Huat, Chairman/Independent Non-Executive Director has resigned from the Board of Directors of the Company. The current Board composition after his resignation comprises five (5) members; of whom two (2) are Executive Directors and three (3) 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 shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve 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 and Remuneration 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.

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

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 Company's Constitution 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 their date of appointment in compliance with the Listing Requirements of the Bursa Securities.

The changes made to the Board composition during the financial year under review were as follows:

- Ronnie Kok Lai Huat resigned on 27 February 2020

Diversity composition of the Board Members during the financial year under review are as follows:

	Diversity	Number	%
Directorship	Independent Non-Executive	4	67%
	Executive	2	33%
Gender	Male	4	67%
	Female	2	33%
Age Group	40-51 years	5	83%
	60 years and above	1	17%
Ethnicity	Bumiputera	3	50%
	Chinese	1	17%
	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 and there are two (2) female directors in the Board.

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.

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

Practice 4.7 & 6.2: Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises exclusively of Independent Non-Executive Directors.

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 and Remuneration Committee upon conducting its annual assessment on the Board, Board Committees and individual Director for the financial year ended 31 December 2019, 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 has 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 the 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 comply with the requirement prescribed under Rule 15.06 of ACE Market Listing Requirement as they hold either one or only a few directorships in public listed companies as described below:

    o Holding only one directorship: 3 directors
    o Holding two directorships: 2 directors
    o Holding three directorships: 1 director
    o Holding five directorships: None

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 include 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.

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

Practice 7.1: Director's 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	RM106,500	RM106,500	RM1,257,839	Nil
Non-Executive Directors	RM237,000	RM237,000	Nil	Nil

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

Range of remunerations during the year	Number of Directors	
	Executive	Non-Executive
Below RM 50,000	–	–
RM 50,001 – RM 100,000	–	4
RM 600,001 – RM 650,000	–	–
RM 650,001 – RM 700,000	2	–

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.

Practice 7.2 & 7.3: Senior management's 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
RM 200,001 – RM 250,000	1
RM 250,001 – RM 300,000	2
RM 600,001 – RM 650,000	1
RM 650,001 – RM 700,000	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

There was a restructuring in the Audit and Risk Management Committee during the financial year. Dato' Mohamed Sharil Bin Mohamed Tarmizi was appointed as member of the Audit and Risk Management Committee and Ms Haida Shenny Binti Hazri was re-designated as member on 2 March 2020. The Company is seeking for a suitable candidate to fill up the vacancy as Chairman of the Audit and Risk Management Committee. The vacancy will be filled as soon as possible.

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 possess accounting and finance background, one of them is a 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 41 to 44 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

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 audits were 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 function 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 has been reviewed and approved by the Audit and Risk Management Committee is in place to define 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 45 to 47.

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 fulfil 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 Malaysia 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
Puvanesan a/l Subenthiran	5/5
Andre Anthony a/l Hubert Rene	5/5
Dato' Mohamed Sharil Bin Mohamed Tarmizi	5/5
Ronnie Kok Lai Huat *(resigned on 27 February 2020)*	5/5
Haida Shenny Binti Hazri	5/5
Haslinda Bt Hussein	5/5

Audit & Risk Management Committee Meeting

Name of Directors	Attendance
Ronnie Kok Lai Huat *(resigned on 27 February 2020)*	5/5
Haida Shenny Binti Hazri	5/5
Haslinda Bt Hussein	5/5

Nomination and Remuneration Committee Meeting

Name of Directors	Attendance
Ronnie Kok Lai Huat *(resigned on 27 February 2020)*	2/2
Dato' Mohamed Sharil Bin Mohamed Tarmizi	2/2
Haida Shenny Binti Hazri	2/2

Investment Committee Meeting

Name of Directors	Attendance
Dato' Mohamed Sharil Bin Mohamed Tarmizi	2/2
Puvanesan a/l Subenthiran	2/2
Haida Shenny Binti Hazri	2/2
Haslinda Bt Hussein	1/2

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.

ADDITIONAL INFORMATION (cont'd)

DIRECTORS' TRAINING (cont'd)

During the financial year ended 31 December 2019, the Directors of the Company attended various forums, programmes, workshops and seminars as shown in the table below:

DIRECTORS	DATE	TRAINING ATTENDED
Ronnie Kok Lai Huat *(resigned on 27 February 2020)*	05.08.2019	An Overview of The Listing Requirements
	08.11.2019	Audit Oversight Board- Conversation with Audit Committees
Puvanesan a/l Subenthiran	19-20.02.2019	IFD2019 -2nd Islamic Fintech Dialogue (The World's Leading Islamic Fintech Event)
	05.08.2019	An Overview of The Listing Requirements
	06.09.2019	Sangfor Innovation Summit 2019
Andre Anthony a/l Hubert Rene	21.03.2019	Breakfast Talk Series #3: Sustainability & Business
	17.04.2019	DNA23 Digital Dialogue Series: Funding Diversity
	05.08.2019	An Overview of The Listing Requirements
Dato' Mohamed Sharil Bin Mohamed Tarmizi	05.08.2019	An Overview of The Listing Requirements
Haida Shenny Binti Hazri	30-31.01.2019	APAC Energy Assembly
	02.04.2019	8th Annual National Procurement Conference 2019
	25.06.2019	PNB Leadership Forum 2019
	26.06.2019	Leadership Greatness in Turbulent Times: Building Corporate Longevity
	27.06.2019	Cyber Security in the Boardroom: Accelerating from Acceptance to Action
	05.08.2019	An Overview of The Listing Requirements
	30.10.2019	PNB Corporate Summit 2019
	30.10.2019	PETRONAS launching ceremony for 2020 Malaysia Bidding Round
	11.11.2019	Talk with Chief Justice DIFC Courts, Tun Zaki Tun Azmi
	11-14.11.2019	Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC 2019)
	11.12.2019	faculty Masterclass London Business School – Organisational Behaviour
Haslinda bt Hussein	24.01.2019	Global Outlook for 2019
	30.04.2019	MIA's Engagement Session with Audit Committee Members on Integrated Reporting
	26.06.2019	Leadership Greatness in Turbulent Times: Building Corporate Longevity
	05.08.2019	An Overview of The Listing Requirements
	05.11.2019	2020 Budget Seminar

ADDITIONAL INFORMATION (cont'd)

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 2019.

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 31 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.
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 2019.

This Statement of Corporate Governance is made in accordance with the resolution of the Board of Directors dated 28 May 2020.

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 2019.

A. MEMBERSHIP

The members of the Committee comprise: -

Dato' Mohamed Sharil Bin Mohamed Tarmizi	Independent Non-Executive Director (appointed as Chairman on 2 March 2020, and subsequently re-designated as member on 27 May 2020)
Haida Shenny Binti Hazri	Independent Non-Executive Director (re-designated as member on 2 March 2020)
Haslinda Bt Hussein	Independent Non-Executive Director
Ronnie Kok Lai Huat	Independent Non-Executive Director (resigned on 27 February 2020)

The Company is seeking for a suitable candidate to fill up the vacancy as Chairman of the Audit and Risk Management Committee. The vacancy will be filled as soon as possible.

B. TERM OF REFERENCE

The terms of reference of the Committee are set out as below:

Composition

1. The Committee shall be appointed among the Board of Directors ("the Board"), a majority of whom shall be Independent Directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such qualification and/or experience as approved by Bursa Securities.

2. The Chief Executive Officer shall not be a member of the Committee.

3. Former key audit partners to be appointed to the committee are required to observe a cooling-off period of at least two years before being appointed as a member of the Committee.

Chairman

1. The Chairman, who shall be appointed by the Board, shall be an Independent Director.

2. The Chairman of the Board shall not be the Chairman of the Committee.

Secretary

The Company Secretary shall be the Secretary of the Committee. The Secretary shall be responsible for keeping the minutes of the Committee's meetings and circulating them to the Committee members and to the other members of the Board.

Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Non-Executive Directors. All decisions at such meeting shall be decided by a show of hands on a majority of votes.

The Committee shall have the authority to convene meetings with external auditors when required, excluding the attendance of other Directors and employees of the Company.

B. TERM OF REFERENCE (cont'd)

Authority

1. The Committee is authorised by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorised to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.

2. The Committee is empowered to also obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

3. All recommendations of the Committee are subject to the endorsement of the Board.

Duties and Responsibilities

1. To recommend the appointment of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.

2. To discuss with the external auditors, their audit plan.

3. To review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:

   - public announcements of results and dividend payment;
   - any changes in accounting policies and practices;
   - major judgmental areas;
   - significant adjustments resulting from the audit;
   - the going-concern assumption;
   - compliance with accounting standards; and
   - compliance with the stock exchange and legal requirements.

4. To discuss problems and reservations arising from the interim and final internal and external audits and any matters the auditors may wish to discuss (in the absence of management where necessary).

5. To keep under review the effectiveness of internal control system and, in particular, review external auditors' management letter and management's response.

6. To review any related party transactions that may arise within the Company or Group.

7. To verify the allocation of share options under the Employees Share Option Scheme of Privasia Technology Berhad.

8. To review and approve the statements of risk management and internal control to be included in the annual report concerning internal controls and risk management.

9. To monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.

10. Ensuring that a formalised risk management framework is established that identifies, evaluates, measures, manages, reports and monitors all of the material business risks across the Group.

11. To approve the appointment and removal of the internal auditor.

B. TERM OF REFERENCE (cont'd)

Duties and Responsibilities (cont'd)

12. To consider and approve the scope of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

13. To ensure the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work and the function has adequate standing and is free from management or other restrictions.

14. To review and assess the annual internal audit plan.

15. To review promptly all reports on the Group from the internal auditors and review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

16. To monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company as compared to the overall fee income of the firm, office and partners and other related requirements.

17. To review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigations of such matters and appropriate follow-up actions.

18. Identifying and monitoring the key risks of the Group and evaluating the management.

19. Ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in the areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, e.g. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.

20. Ensuring action plan is in place to manage the key risks to which the Group is exposed.

21. Critically assessing the Group's business strategies and plans from a risk-based and enterprise-wide perspective.

22. To carry out such other functions and consider other topics, as may be agreed upon by the Board.

C. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2019, a total of five (5) meetings were held and the details of attendances are set out below:

Name of Directors	Attendance
Ronnie Kok Lai Huat *(resigned on 27 February 2020)*	5/5
Haida Shenny Binti Hazri	5/5
Haslinda bt Hussein	5/5

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

C. MEETINGS AND SUMMARY OF ACTIVITIES (cont'd)

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; and

xi) Ensured outsourced internal audit function has adequate resources, consisting of people who are adequately skilled.

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 45 to 47.

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 28 May 2020.

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 2019. 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 maintaining a sound and effective system of risk management and 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.

Statement on Risk Management
And Internal Control (cont'd)

INTERNAL CONTROL (cont'd)

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 Whistleblowing 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;
- Adequate financial information systems is in place to capture and present internal business information; 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.

As required by the Bursa Securities' Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review has been conducted to access whether the Statement on Risk Management and Internal Control is supported by the documentation in reviewing the adequacy and integrity of risk management and the system of internal control for the Group.

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, efficient and effective. The internal audit function assists the Board and Audit and Risk Management Committee in providing independent assessment of the effectiveness and adequacy and efficiency of the Group's system of internal controls.

INTERNAL AUDIT FUNCTION (cont'd)

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. Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted 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 RM36,000 was spent on internal audit activities for the financial year ended 31 December 2019.

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 28 May 2020.

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 payable to the external auditors was RM64,600.

4) Material Contracts

There were no material contracts subsisting at the end of the financial year ended 31 December 2019 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 23 in the financial statements.

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 2019.

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 for the financial year	(5,241,688)	(22,450,730)
Attributable to:		
Owners of the Company	(4,661,184)	(22,450,730)
Non-controlling interests	(580,504)	–
	(5,241,688)	(22,450,730)

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 2019.

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 as 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:

Dato' Mohamed Sharil Bin Mohamed Tarmizi	
Puvanesan A/L Subenthiran*	
Andre Anthony A/L Hubert Rene*	
Haida Shenny Binti Hazri	
Haslinda bt Hussein	
Ronnie Kok Lai Huat	(Resigned on 27 February 2020)

* 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	
Sulaiha Binti Sawadi	
Thiagarajan A/L Tinakarun	
Datin Safira binti Mohd Arif	
Richard Lee Teck Soon	
Rofina Ngau Tingang	(Appointed on 23 January 2020)
Feroz Ahmed Ahanger	(Appointed on 10 March 2020)
Rubern A/L Perinbanayakham	(Resigned on 11 March 2020)
Prasad Kumar A/L Gnanaseygren	(Resigned on 29 May 2019)

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 2019	Bought	Sold	At 31 December 2019
Direct interests:					
Puvanesan A/L Subenthiran		16,414,400	194,800	–	16,609,200
Andre Anthony A/L Hubert Rene		10,174,700	–	–	10,174,700
Dato' Mohamed Sharil Bin Mohamed Tarmizi		2,050,000	4,968,400	–	7,018,400
Indirect interests:					
Puvanesan A/L Subenthiran	*	150,885,720	–	–	150,885,720
Andre Anthony A/L Hubert Rene	*	156,549,520	–	–	156,549,520

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

DIRECTORS' INTERESTS (cont'd)

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Puvanesan A/L Subenthiran and Andre Anthony A/L Hubert Rene 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 19 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

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 EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year is disclosed in Note 28 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year is disclosed in Note 29 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 18 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 PLT, 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:

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
Director

PUVANESAN A/L SUBENTHIRAN
Director

Date: 28 May 2020

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	26,360,712	29,530,840	3,961	–
Investment property	6	2,194,149	2,220,745	–	–
Goodwill and other intangible assets	7	42,423,991	41,719,336	–	–
Investment in subsidiaries	8	–	–	64,945,383	82,505,767
Investment in an associate	9	–	–	–	–
Deferred tax assets	10	300,000	617,800	–	–
Total non-current assets		71,278,852	74,088,721	64,949,344	82,505,767
Current assets					
Inventories	11	1,076,737	1,320,902	–	–
Current tax assets		172,188	1,296,223	–	–
Trade and other receivables	12	16,672,752	26,358,849	10,337,195	7,746,386
Deposits, cash and bank balances	13	6,837,233	8,269,998	15,059	47,517
Total current assets		24,758,910	37,245,972	10,352,254	7,793,903
TOTAL ASSETS		96,037,762	111,334,693	75,301,598	90,299,670
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	55,820,002	55,820,002	55,820,002	55,820,002
Exchange reserve		(8,221)	(4,848)	–	–
Retained earnings		6,605,060	12,410,380	(13,969,561)	8,481,169
		62,416,841	68,225,534	41,850,441	64,301,171
Non-controlling interests		(503,262)	(1,106,873)	–	–
TOTAL EQUITY		61,913,579	67,118,661	41,850,441	64,301,171
Liabilities					
Non-current liabilities					
Loans and borrowings	15	10,975,658	14,598,298	–	–
Deferred tax liabilities	10	1,042,220	1,829,000	–	–
Total non-current liabilities		12,017,878	16,427,298	–	–
Current liabilities					
Loans and borrowings	15	10,593,995	13,925,535	–	–
Trade and other payables	16	11,358,569	13,863,199	33,451,157	25,998,499
Current tax liabilities		153,741	–	–	–
Total current liabilities		22,106,305	27,788,734	33,451,157	25,998,499
TOTAL LIABILITIES		34,124,183	44,216,032	33,451,157	25,998,499
TOTAL EQUITY AND LIABILITIES		96,037,762	111,334,693	75,301,598	90,299,670

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2019

		Group		Company	
	Note	2019 RM	2018 RM Restated	2019 RM	2018 RM
Revenue	17	38,728,615	52,531,641	3,651,988	9,808,601
Cost of sales		(27,515,560)	(38,811,842)	–	–
Gross profit		11,213,055	13,719,799	3,651,988	9,808,601
Other income		582,574	1,410,410	–	86
Other expenses		(15,432,256)	(17,139,545)	(4,174,951)	(4,163,900)
Impairment losses					
- investment in subsidiaries		–	–	(3,613,179)	(350,000)
- quasi loan		–	–	(18,378,863)	–
- trade receivables		(272,193)	(238,059)	–	–
- amount owing from subsidiaries (trade)		–	–	–	(356,988)
- amount owing from subsidiaries (non-trade)		–	–	–	(4,561,710)
Impairment of goodwill		(468,996)	–	–	–
Reversal of impairment loss on trade receivables		1,319,242	56,718	64,275	–
Operating (loss)/profit		(3,058,574)	(2,190,677)	(22,450,730)	376,089
Finance costs		(1,398,388)	(1,525,007)	–	–
(Loss)/Profit before tax	18	(4,456,962)	(3,715,684)	(22,450,730)	376,089
Income tax expense	20	(784,726)	(1,102,418)	–	–
(Loss)/Profit for the financial year		(5,241,688)	(4,818,102)	(22,450,730)	376,089
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(3,373)	(4,848)	–	–
Other comprehensive loss for the financial year		(3,373)	(4,848)	–	–
Total comprehensive (loss)/ income for the financial year		(5,245,061)	(4,822,950)	(22,450,730)	376,089

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM Restated	Company 2019 RM	Company 2018 RM
(Loss)/Profit attributable to:					
- Owners of the Company		(4,661,184)	(3,960,136)	(22,450,730)	376,089
- Non-controlling interests		(580,504)	(857,966)	–	–
		(5,241,688)	(4,818,102)	(22,450,730)	376,089
Total comprehensive (loss)/ income attributable to:					
- Owners of the Company		(4,664,557)	(3,964,984)	(22,450,730)	376,089
- Non-controlling interests		(580,504)	(857,966)	–	–
		(5,245,061)	(4,822,950)	(22,450,730)	376,089
Loss per share attributable to owners of the Company (sen):					
- Basic and diluted	21	(0.84)	(0.71)		

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

STATEMENTS OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2019

	← Attributable to owners of the Company →					
	Share Capital RM	Exchange Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group						
At 1 January 2019	55,820,002	(4,848)	12,410,380	68,225,534	(1,106,873)	67,118,661
Total comprehensive loss for the financial year						
Loss for the financial year	–	–	(4,661,184)	(4,661,184)	(580,504)	(5,241,688)
Other comprehensive loss for the financial year	–	(3,373)	–	(3,373)	–	(3,373)
Total comprehensive loss	–	(3,373)	(4,661,184)	(4,664,557)	(580,504)	(5,245,061)
Transactions with owners						
Changes in ownership interests in subsidiaries	–	–	(1,144,136)	(1,144,136)	1,184,115	39,979
Total transactions with owners	–	–	(1,144,136)	(1,144,136)	1,184,115	39,979
At 31 December 2019	55,820,002	(8,221)	6,605,060	62,416,841	(503,262)	61,913,579
Group						
At 1 January 2018	55,820,002	–	16,370,516	72,190,518	(61,427)	72,129,091
Total comprehensive loss for the financial year						
Loss for the financial year	–	–	(3,960,136)	(3,960,136)	(857,966)	(4,818,102)
Other comprehensive loss for the financial year	–	(4,848)	–	(4,848)	–	(4,848)
Total comprehensive loss	–	(4,848)	(3,960,136)	(3,964,984)	(857,966)	(4,822,950)
Transactions with owners						
Changes in ownership interests in a subsidiary	–	–	–	–	20	20
Dividends paid on shares	–	–	–	–	(187,500)	(187,500)
Total transactions with owners	–	–	–	–	(187,480)	(187,480)
At 31 December 2018	55,820,002	(4,848)	12,410,380	68,225,534	(1,106,873)	67,118,661

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2019 (cont'd)

	Share Capital RM	Retained Earnings RM	Total Equity RM
Company			
At 1 January 2018	55,820,002	8,105,080	63,925,082
Total comprehensive income for the financial year			
Profit for the financial year, representing total comprehensive income	–	376,089	376,089
At 31 December 2018	55,820,002	8,481,169	64,301,171
Total comprehensive loss for the financial year			
Loss for the financial year, representing total comprehensive loss	–	(22,450,730)	(22,450,730)
At 31 December 2019	55,820,002	(13,969,561)	41,850,441

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(4,456,962)	(3,715,684)	(22,450,730)	376,089
Adjustments for:					
Amortisation of intangible assets		874,825	656,270	–	–
Bad debts written off		546,915	–	–	–
Deposit written off		82,900	–	–	–
Depreciation of investment property		26,596	26,596	–	–
Depreciation of property, plant and equipment		7,298,574	10,099,319	791	–
Gain on disposal of property, plant and equipment		(49,938)	(832,510)	–	–
Impairment loss on:					
- trade receivables		272,193	238,059	–	–
- amount owing by subsidiaries (trade)		–	–	–	356,988
- amount owing by subsidiaries (non-trade)		–	–	–	4,561,710
- goodwill		468,996	–	–	–
- investment in subsidiaries		–	–	3,613,179	350,000
- quasi loan		–	–	18,378,863	–
Interest expense		1,398,388	1,525,007	–	–
Interest income		(219,485)	(200,411)	–	–
Inventories written down		84,396	120,978	–	–
Inventories written off		216	185,343	–	–
Property, plant and equipment written off		72,340	7,478	–	–
Reversal of impairment loss on trade receivables		(1,319,242)	(56,718)	(64,275)	–
Unrealised loss on foreign exchange		43,998	273,420	–	–
Operating profit/(loss) before changes in working capital		5,124,710	8,327,147	(522,172)	5,644,787
<u>Changes in working capital:</u>					
Inventories		159,553	245,743	–	–
Receivables		10,022,719	4,901,711	(2,639,678)	(4,212,507)
Payables		(2,468,016)	(3,126,623)	(54,345)	163,267
Net cash generated from/(used in) operations, carried forward		12,838,966	10,347,978	(3,216,195)	1,595,547

Statements Of Cash Flows
For The Financial Year Ended 31 December 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities (cont'd)					
Net cash generated from/ (used in) operations, brought forward		12,838,966	10,347,978	(3,216,195)	1,595,547
Interest paid		(1,398,388)	(1,525,007)	–	–
Interest received		219,485	200,411	–	–
Income tax refunded		1,124,035	248,448	–	–
Income tax paid		(1,099,965)	(1,335,982)	–	–
Net cash from/(used in) operating activities		11,684,133	7,935,848	(3,216,195)	1,595,547
Cash flows from investing activities					
Investment in a subsidiary		–	–	(79,419)	(80)
Acquisition of interest in subsidiaries, net of cash		39,979	–	–	–
Acquisition of subsidiary, net of cash	8	–	20	–	–
Proceeds from disposal of property, plant and equipment		644,936	2,886,481	–	–
Addition of intangible assets		(2,048,476)	(2,934,125)	–	–
Purchase of property, plant and equipment		(4,087,881)	(3,507,283)	(4,752)	–
Repayments from subsidiaries		–	–	(4,285,478)	(6,228,128)
Net cash used in investing activities		(5,451,442)	(3,554,907)	(4,369,649)	(6,228,208)
Cash flows from financing activities					
(Placement)/Withdrawal of pledged deposits		(1,084,857)	502,367	–	–
Dividends paid		–	(187,500)	–	–
Repayment of bankers' acceptances		(2,707,245)	(424,270)	–	–
Proceeds from term loans		2,302,603	1,971,189	–	–
Repayment of trade financing		–	(3,846,153)	–	–
Repayments of lease liabilities/ finance lease liabilities		(2,062,722)	(1,915,851)	–	–
Repayments of term loans		(4,611,269)	(3,856,765)	–	–
Advances to subsidiaries		–	–	7,553,386	4,655,734
Net cash (used in)/from financing activities		(8,163,490)	(7,756,983)	7,553,386	4,655,734

Statements Of Cash Flows
For The Financial Year Ended 31 December 2019 (cont'd)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Net (decrease)/increase in cash and cash equivalents		(1,930,799)	(3,376,042)	(32,458)	23,073
Cash and cash equivalents at the beginning of the financial year		(134,648)	3,246,242	47,517	24,444
Exchange rate adjustment		(3,376)	(4,848)	–	–
Cash and cash equivalents at the end of the financial year	13	(2,068,823)	(134,648)	15,059	47,517

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2019 RM	Effect adoption of MFRS 16 RM	1 January 2019 (Adjusted) RM	Cash flows RM	31 December 2019 RM
Group					
Bankers' acceptances	3,595,187	–	3,595,187	(2,707,245)	887,942
Term loans	16,303,172	–	16,303,172	(2,308,666)	13,994,506
Lease liabilities	4,491,516	707,900	5,199,416	(2,062,722)	3,136,694
	24,389,875	707,900	25,097,775	(7,078,633)	18,019,142
Company					
Amounts owing to subsidiaries	25,713,434	–	25,713,434	7,553,386	33,220,437

	1 January 2018 RM	Cash flows RM	Reclassification RM	31 December 2018 RM
Group				
Bankers' acceptances	4,019,457	(424,270)	–	3,595,187
Term loans	18,188,748	(1,885,576)	–	16,303,172
Finance lease liabilities	6,407,367	(1,915,851)	–	4,491,516
Trade financing	3,846,153	(3,846,153)	–	–
	32,461,725	(8,071,850)	–	24,389,875
Company				
Amounts owing to subsidiaries	1,152,845	4,655,734	19,904,855	25,713,434

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 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Unit C-21-02, 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 28 May 2020.

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 new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

<u>New MFRS</u>	
MFRS 16	Leases
<u>Amendments/Improvements to MFRSs</u>	
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures
<u>New IC Int</u>	
IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int 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.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases and IC Int 4 Determining whether an Arrangement contains a Lease.*

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed as per ensuring page.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 16 Leases (cont'd)

Impact of the adoption of MFRS 16 (cont'd)

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:
- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal (presented within financing activities) and interest portions (presented within operating activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at either:
(a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application. The Group and the Company applied this approach to its largest property leases; or
(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group and the Company applied this approach to all other leases.

The Group and the Company also applied the following practical expedients wherein they:
(a) applied a single discount rate to a portfolio of leases with similar characteristics;
(b) adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
(c) applied the exemption not to recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(d) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(e) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 16 Leases (cont'd)

Impact of the adoption of MFRS 16 (cont'd)

(ii) Low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets based on the value of the underlying asset when new, such as equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	Group Increase/ (Decrease) RM
Assets	
Non-current assets	
Property, plant and equipment	(4,748,093)
Right-of-use assets	5,455,993
	707,900
Non-current liabilities	
Lease liabilities	473,980
Current liabilities	
Lease liabilities	233,920

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 January 2019 is 5.31%.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 December 2018, as follows:

	Group RM
Assets	
Operating lease commitments as at 31 December 2018	467,443
Weighted average incremental borrowing rate as at 1 January 2019	5.31%
Discounted operating lease commitments as at 1 January 2019	436,531
Add:	
Commitments relating to lease previously classified as finance leases	4,491,516
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	271,369
Lease liabilities as at 1 January 2019	5,199,416

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

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 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 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 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 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 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 venture to which the equity method is not applied.

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. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023#/ 1 January 2022
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

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

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures

The Malaysian Accounting Standards Board has issued Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS and MFRS 7).

The Interest Rate Benchmark Reform amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, entities are not required to apply the MFRS 139 retrospective assessment but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80 – 125% range during the period of uncertainty arising from the reform.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

2.3.1 (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

2.3.2 The Group and the Company are 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.

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 reported 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 judgements 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 Group's and the Company's 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(c) Associates (cont'd)

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).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(a) Translation of foreign currency transactions (cont'd)

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).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

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 contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

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; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured 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 derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. 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 when the financial asset is derecognised, modified or impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(i) Financial assets (cont'd)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at fair value through other comprehensive income ("FVOCI"). The classification is determined on an instrument by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and 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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(c) Regular way purchase or sale of financial assets (cont'd)

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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 expired. 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 January 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 December 2018

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.

(b) Lessee accounting

Accounting policies applied from 1 January 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets in Note 5 and lease liabilities in Note 15.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases (cont'd)

(b) Lessee accounting (cont'd)

Accounting policies applied from 1 January 2019 (cont'd)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases (cont'd)

(b) Lessee accounting (cont'd)

Accounting policies applied until 31 December 2018

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 asset.

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.

For operating leases, the Group and the Company do 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.

(c) Lessor accounting

Accounting policies applied from 1 January 2019

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.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

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 statements 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.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases (cont'd)

(c) Lessor accounting (cont'd)

Accounting policies applied until 31 December 2018

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 property after initial recognition. Accordingly, investment property is 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of financial assets

Financial assets measured at amortised cost, will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

The Group and the Company consider a financial asset to be in default when:
- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Impairment of assets (cont'd)

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Revenue and other income (cont'd)

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(b) Rendering of Services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(c) Sale of goods

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Management fee income

Revenue is recognised over time 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Borrowing costs (cont'd)

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 Income taxes

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.

(a) 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.

(b) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(c) Sales and service tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax 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 sales tax included.

The net amount of sales and services tax 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Fair value measurements (cont'd)

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 impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's and the Company's financial assets are disclosed in Note 26.

(c) 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.

Notes to the Financial Statements
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Computer equipment RM	Telecom-munication and other equipment RM	Renovation RM	Motor vehicles RM	Other assets RM	Right-of-use assets RM	Total RM
Group								
Cost								
At 1 January 2019								
- As previously reported	12,000,000	49,366,265	27,699,283	793,508	39,578	279,692	–	90,178,326
- Effect of adoption of MFRS 16	–	(8,331,559)	–	–	(39,578)	–	9,079,037	707,900
Adjusted balance at 1 January 2019	12,000,000	41,034,706	27,699,283	793,508	–	279,692	9,079,037	90,886,226
Additions	–	3,505,332	567,835	–	–	14,714	–	4,087,881
Disposals	–	(132,094)	(1,389,733)	–	–	–	–	(1,521,827)
Written off	–	(1,074,281)	(8,177,929)	–	–	(15,221)	–	(9,267,431)
Exchange difference	–	–	2	–	–	–	–	2
At 31 December 2019	12,000,000	43,333,663	18,699,458	793,508	–	279,185	9,079,037	84,184,851
Accumulated depreciation								
At 1 January 2019								
- As previously reported	1,340,426	37,687,674	20,630,956	701,904	12,709	273,817	–	60,647,486
- Effect of adoption of MFRS 16	–	(3,610,335)	–	–	(12,709)	–	3,623,044	–
Adjusted balance at 1 January 2019	1,340,426	34,077,339	20,630,956	701,904	–	273,817	3,623,044	60,647,486
Charge for the financial year	127,660	2,830,012	2,368,049	36,942	–	14,815	1,921,096	7,298,574
Disposals	–	(131,660)	(795,169)	–	–	–	–	(926,829)
Written off	–	(1,055,776)	(8,124,149)	–	–	(15,166)	–	(9,195,091)
Exchange difference	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	1,468,086	35,719,915	14,079,686	738,846	–	273,466	5,544,140	57,824,139
Net carrying amount								
At 31 December 2019	10,531,914	7,613,748	4,619,772	54,662	–	5,719	3,534,897	26,360,712

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Buildings RM	Computer equipment RM	Telecom-munication and other equipment RM	Renovation RM	Motor vehicles RM	Other assets RM	Total RM
Group							
Cost							
At 1 January 2018	12,000,000	47,183,885	35,396,696	675,171	127,658	226,469	95,609,879
Additions	–	2,425,650	908,864	118,337	–	54,432	3,507,283
Disposals	–	(214,545)	(8,546,666)	–	(88,080)	–	(8,849,291)
Written off	–	(28,725)	(59,611)	–	–	(1,209)	(89,545)
At 31 December 2018	12,000,000	49,366,265	27,699,283	793,508	39,578	279,692	90,178,326
Accumulated depreciation							
At 1 January 2018	1,212,766	32,682,478	22,584,085	640,543	92,727	212,954	57,425,553
Charge for the financial year	127,660	5,246,961	4,593,207	61,361	8,060	62,070	10,099,319
Disposals	–	(213,053)	(6,494,188)	–	(88,078)	–	(6,795,319)
Written off	–	(28,712)	(52,148)	–	–	(1,207)	(82,067)
At 31 December 2018	1,340,426	37,687,674	20,630,956	701,904	12,709	273,817	60,647,486
Net carrying amount							
At 31 December 2018	10,659,574	11,678,591	7,068,327	91,604	26,869	5,875	29,530,840

	Computer equipment RM
Company	
Cost	
At 1 January 2019	–
Additions	4,752
At 31 December 2019	4,752
Accumulated depreciation	
At 1 January 2019	–
Charge for the financial year	791
At 31 December 2019	791
Net carrying amount	
At 31 December 2019	3,961

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Assets under finance leases

The carrying amount of assets under finance lease agreements are as follows:

	Group 2018 RM
Computer equipment	4,721,224
Telecommunication and other equipment	271,674
Motor vehicles	26,869
	5,019,767

(b) Assets pledged as security

Buildings of the Group with carrying amount of RM10,531,914 (2018: RM10,659,574) have been pledged as security to secure the term loans granted to a subsidiary as disclosed in Note 15.

The disposal of the property, plant and equipment with net book value of RM592,982 (2018: RM2,052,477) is in discharging process of the financing bank.

(c) Right-of-use assets

The Group leases several assets including buildings, computer equipment and motor vehicle.

Information about leases for which the Group is lessees is presented below:

	Buildings RM	Computer equipment RM	Motor vehicle RM	Total RM
Net carrying amount				
At 1 January 2019	530,325	4,898,799	26,869	5,455,993
Depreciation	(204,945)	(1,708,091)	(8,060)	(1,921,096)
At 31 December 2019	325,380	3,190,708	18,809	3,534,897

The Group leases buildings for their office and warehouse space. The leases for office and warehouse space generally have lease term between 2 to 3 years.

The Group also lease computer equipment and motor vehicle with lease term between 1 to 4 years.

6. INVESTMENT PROPERTY

	Group 2019 RM	Group 2018 RM
At cost		
At 1 January/31 December	2,500,000	2,500,000
Accumulated depreciation		
At 1 January	279,255	252,659
Charge for the financial year	26,596	26,596
At 31 December	305,851	279,255
Net carrying amount		
At 31 December	2,194,149	2,220,745

The Group's investment property comprises a commercial property (2018: a commercial property) that is leased to a third party.

The investment property of the Group with carrying amount of RM2,194,149 (2018: RM2,220,745) has been pledged as security for term loans as disclosed in Note 15.

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

	Group 2019 RM	Group 2018 RM
Rental income	194,184	194,184
Direct operating expenses	(37,617)	(37,438)

Fair value of investment property is categorised as follows:

	Group Level 2 RM
31.12.2019	
Leasehold buildings	2,111,000
31.12.2018	
Leasehold buildings	2,224,162

(a) Fair value information

The fair value of investment property as at 31 December 2019 and 31 December 2018 is determined based on the valuation performed by the independent professional valuers with relevant experience in the location and categories of property being valued. The fair value of investment property is measured at Level 2 hierarchy.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the property, either directly or indirectly.

6. INVESTMENT PROPERTY (cont'd)

(a) Fair value information (cont'd)

Level 2 fair values of buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square foot of comparable properties.

There are no Level 1 and Level 3 investment property during the financial years ended 31 December 2019 and 31 December 2018. During the financial year, there is no transfer between Level 2 and Level 3. In the previous financial year, there was transfer between Level 2 and Level 3 due to change of valuation method.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill RM	Development costs RM	Computer software RM	Total RM
Group				
Cost				
At 1 January 2018	36,005,230	10,285,968	4,640,713	50,931,911
Additions				
- developed internally	–	2,919,725	–	2,919,725
- acquired separately	–	–	14,400	14,400
	–	2,919,725	14,400	2,934,125
At 31 December 2018	36,005,230	13,205,693	4,655,113	53,866,036
Additions				
- developed internally	–	1,644,289	–	1,644,289
- acquired separately	–	–	404,187	404,187
	–	1,644,289	404,187	2,048,476
At 31 December 2019	36,005,230	14,849,982	5,059,300	55,914,512
Accumulated amortisation				
At 1 January 2018	320,000	7,562,401	3,608,029	11,490,430
Charge for the financial year	–	288,028	368,242	656,270
At 31 December 2018	320,000	7,850,429	3,976,271	12,146,700
Charge for the financial year	–	322,821	552,004	874,825
Impairment loss	468,996	–	–	468,996
At 31 December 2019	788,996	8,173,250	4,528,275	13,490,521
Net carrying amounts				
At 31 December 2018	35,685,230	5,355,264	678,842	41,719,336
At 31 December 2019	35,216,234	6,676,732	531,025	42,423,991

7. GOODWILL AND OTHER INTANGIBLE ASSETS (cont'd)

(a) Amortisation

The amortisation of development costs of the Group amounting to RM322,821 (2018: RM288,028) are included in administrative expenses. The amortisation of computer software of the Group amounting to RM446,749 and RM105,255 (2018: RM262,854 and RM105,388) 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	
	2019 RM	2018 RM
Group		
Cash-generating unit		
Information Technology ("IT")	31,189,056	31,189,056
Information and CommunicationTechnology ("ICT")	4,027,178	4,027,178
Satellite-based network services ("SAT")	–	468,996
	35,216,234	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.

7. GOODWILL AND OTHER INTANGIBLE ASSETS (cont'd)

(d) Impairment of goodwill (cont'd)

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

2019

Revenue (% of annual growth rate)	5% - 20%
Operating expenses (% of annual growth rate)	5%
Gross margin (% of revenue)	26% - 39%
Discount rate	13% - 15%

2018

Revenue (% of annual growth rate)	5% - 76%
Operating expenses (% of annual growth rate)	5%
Gross margin (% of revenue)	24% - 48%
Discount rate	9% - 14%

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 had provided an impairment of goodwill amounting to RM468,996 during the financial year for the CGU of SAT.

8. INVESTMENT IN SUBSIDIARIES

		Company	
		2019	2018
	Note	RM	RM
Unquoted shares, at cost		59,903,261	59,903,181
Add: Addition during the financial year		1,659,919	80
Less: Impairment loss	(a)	(3,963,179)	(350,000)
		57,600,001	59,553,261
Loans that are part of net investments	(b)	25,724,245	22,952,506
Less: Impairment loss	(b)	(18,378,863)	–
At end of the financial year		64,945,383	82,505,767

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The Company's investment in subsidiaries that are impaired at the reporting date and the reconciliation of movement in the impairment of investment in subsidiaries is as follows:

	Company	
	2019 RM	2018 RM
At the beginning of the financial year	350,000	–
Charge for the financial year - Impairment loss	3,613,179	350,000
At the end of the financial year	3,963,179	350,000

(b) Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

The reconciliation of movement in the impairment loss on loans that are parts of net investment is as follows:

	Company	
	2019 RM	2018 RM
At the beginning of the financial year	–	–
Charge for the financial year - Impairment loss	18,378,863	–
At the end of the financial year	18,378,863	–

(c) Details of the subsidiaries are as follows:

Name of Company	Ownership interest 2019 %	Ownership interest 2018 %	Principal activities
Direct subsidiaries			
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)

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Details of the subsidiaries are as follows: (cont'd)

Name of Company	Ownership interest 2019 %	2018 %	Principal activities
Direct subsidiaries (Cont'd)			
Spring Reach Distribution Sdn. Bhd.	70	70	Trading of electronic and telecommunication equipment
Privaports Sdn. Bhd. (f.k.a. Privagen Sdn. Bhd.)	100	60	Trading of information technology equipment and software
Privarail Sdn. Bhd.	80	80	Provision of the railway system, engineering and related services, and information technology and communication services.
Indirect subsidiaries			
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.	95	75	Provision of network engineering services
Privasia IOT Sdn. Bhd. (f.k.a. Scantel Sdn. Bhd.)	–	100	Provision of communication solutions
Subsidiary of Privatel Sdn. Bhd.			
Privatel (Singapore) Pte. Ltd ^	95	75	Provision of network engineering services
Subsidiary of Privarail Sdn. Bhd.			
Privasia IOT Sdn. Bhd. (f.k.a. Scantel Sdn. Bhd.)	80	–	Provision of communication solutions

^ Audited by an independent member firm of Baker Tilly International.

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(d) 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	Privaports Sdn. Bhd. (f.k.a Privagen Sdn. Bhd.) RM	Privatel Sdn. Bhd. RM	Privatel (Singapore) Pte. Ltd. RM	Privarail Sdn. Bhd. RM	Privasia IOT Sdn. Bhd. (f.k.a Scantel Sdn. Bhd.) RM	Total RM
2019							
NCI percentage of ownership	30%	0%	5%	5%	20%	20%	
Carrying amount of NCI	(511,584)	–	35,510	(28,364)	32,555	(31,379)	(503,262)
Loss allocated to NCI	(36,106)	(31,899)	(432,304)	(46,646)	(2,170)	(31,379)	(580,504)
2018							
NCI percentage of ownership	30%	40%	25%	25%	20%	0%	
Carrying amount of NCI	(475,478)	(200,712)	(336,901)	(88,527)	(5,255)	–	(1,106,873)
(Loss)/Profit allocated to NCI	(92,939)	6,779	(678,004)	(88,527)	(5,275)	–	(857,966)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) 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	Privaports Sdn. Bhd. (f.k.a Privagen Sdn. Bhd.) RM	Privatel Sdn. Bhd. RM	Privatel (Singapore) Pte. Ltd. RM	Privarail Sdn. Bhd. RM	Privasia IOT Sdn. Bhd. (f.k.a Scantel Sdn. Bhd.) RM
2019						
Summarised statements of financial position						
Non-current assets	21	1,146,813	609,403	1,641	2	7,720
Current assets	2,932,274	804,429	7,474,849	296,869	166,673	489,503
Non-current liabilities	–	–	(77,545)	–	–	–
Current liabilities	(4,637,576)	(1,138,356)	(7,296,510)	(865,796)	(3,897)	(1,188,521)
Net (liabilities)/assets	(1,705,281)	812,886	710,197	(567,286)	162,778	(691,298)
Summarised statements of comprehensive income						
Revenue	123,291	655,698	6,449,997	608,548	–	–
(Loss)/Profit for the financial year	(120,353)	(185,329)	(1,942,202)	1,951	(10,848)	(191,527)
Total comprehensive loss	(120,353)	(185,329)	(1,942,202)	(1,422)	(10,848)	(191,527)
Summarised cash flow information						
Net cash from/(used in) operating activities	73,161	28,477	(790,785)	(66,048)	(144,816)	(178,281)
Net cash (used in)/from investing activities	(6,703)	(1,146,811)	(78,111)	–	(2)	(6,985)
Net cash (used in)/from financing activities	(57,142)	1,217,825	962,335	96,962	199,900	224,961
Net increase in cash and cash equivalents	9,316	99,491	93,439	30,914	55,082	39,695

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) Summarised financial information of non-controlling interests (cont'd)

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

	Spring Reach Distribution Sdn. Bhd. RM	Privaports Sdn. Bhd. (f.k.a Privagen Sdn. Bhd.) RM	Privatel Sdn. Bhd. RM	Privatel (Singapore) Pte. Ltd. RM	Privarail Sdn. Bhd. RM
2018					
Summarised statements of financial position					
Non-current assets	625	2	850,311	2,076	–
Current assets	3,123,163	175,679	8,977,674	721,289	7,125
Non-current liabilities	–	–	(37,359)	–	–
Current liabilities	(4,708,716)	(677,464)	(11,138,227)	(1,082,318)	(33,399)
Net liabilities	(1,584,928)	(501,783)	(1,347,601)	(358,953)	(26,274)
Summarised statements of comprehensive income					
Revenue	128,062	131,944	11,503,473	691,908	–
(Loss)/Profit for the financial year	(309,796)	16,948	(2,712,014)	(354,108)	(26,374)
Total comprehensive (loss)/income	(309,796)	16,948	(2,712,014)	(358,956)	(26,374)
Summarised cash flow information					
Net cash (used in)/from operating activities	(1,533)	115,717	6,204,995	(611,307)	(21,382)
Net cash from/(used in) investing activities	88,713	–	517,354	(2,184)	–
Net cash (used in)/from financing activities	(310,643)	(34,293)	(8,429,084)	618,338	28,487
Net increase in cash and cash equivalents	(223,463)	81,424	(1,706,735)	4,847	7,105
Dividends paid to NCI	–	–	187,500	–	–

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(f) Acquisition of additional interest in subsidiaries

The Company

(i) On 24 May 2019, the Company acquired 80,000 ordinary shares representing 40% of issued and paid up capital of Privaports Sdn Bhd (f.k.a. Privagen Sdn. Bhd.) ("Privaports") from Mettiz Capital Limited for a total consideration of RM1. The equity interest in Privaports had increased from 60% to 100%.

Effect of the increase in the Group's equity interest is as follows:

	2019 RM
Fair value of consideration transferred	1
Net assets acquired from NCI	232,611
Charged directly to equity	232,612

(ii) On 19 November 2019, Privanet Sdn. Bhd. ("Privanet"), a wholly owned subsidiary of the Company has acquired 4,000,000 ordinary shares representing 20% of the issued and paid up capital of Privatel Sdn. Bhd. ("Privatel") by way of capitalising the amount owing by the subsidiary, Privatel amounting to RM4,000,000. The equity interest in Privatel held by Privanet had increased from 75% to 95%.

Effect of the increase in the Group's equity interest is as follows:

	2019 RM
Fair value of consideration transferred	4,000,000
Net assets acquired from NCI	804,715
Charged directly to equity	4,804,715

(iii) Following the acquisition of additional interest by Privanet in the subsidiary, Privatel on 19 November 2019, the Company's effective ownership in Privatel (Singapore) Pte Ltd had increased from 75% to 95%.

Effect of the increase in the Group's equity interest is as follows:

	2019 RM
Fair value of consideration transferred	–
Net assets acquired from NCI	159,748
Charged directly to equity	159,748

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(f) Acquisition of additional interest in subsidiaries (cont'd)

The Company (cont'd)

(iv) On 10 December 2019, the Company acquired 159,920 ordinary shares representing 80% of issued and paid up capital of Privarail Sdn. Bhd. ("Privarail") by way of capitalising the amount owing by the subsidiary, Privarail amounting to RM80,502 and remaining for a total consideration of RM79,418. The Company's effective ownership in Privarail remained the same as a result of the additional shares purchased.

(v) On 23 December 2019, the Company acquired 1,499,998 ordinary shares representing 100% of issued and paid up capital of Privaports Sdn Bhd (f.k.a. Privagen Sdn. Bhd.) ("Privaports") by way of capitalising the amount owing by the subsidiary, Privaports amounting to RM1,499,998. The Company's effective ownership in Privaports remained the same as a result of the additional shares purchased.

(g) Changes of ownership interest in Privasia IOT Sdn. Bhd. (f.k.a. Scantel Sdn. Bhd.)

On 28 June 2019, Privarail Sdn. Bhd. ("Privarail"), an 80% owned subsidiary of the Company has acquired 2 ordinary shares representing 100% of issued and paid up capital of Privasia IOT Sdn. Bhd. (f.k.a. Scantel Sdn. Bhd.) ("Privasia IOT") from Privanet Sdn. Bhd. ("Privanet"), a wholly owned subsidiary of the Company for a total consideration of RM2. The Company's effective ownership in Privasia IOT had decreased from 100% to 80%.

(h) Acquisition of subsidiaries in previous financial year

(i) 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.

(ii) On 14 March 2018, the Company's subsidiary, Privatel Sdn. Bhd. incorporated a subsidiary, namely Privatel (Singapore) Pte. Ltd. ("PSPL") 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.

9. INVESTMENT IN AN ASSOCIATE

	Group	
	2019 RM	2018 RM
Unquoted shares, at cost	30	30
Share of post acquisition reserves	(30)	(30)
	–	–

9. INVESTMENT IN AN ASSOCIATE (cont'd)

(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 2019	Ownership interest 2018	Principal activities
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:

	2019 RM	2018 RM
Infocrats Sdn. Bhd.		
Liabilities		
Current liabilities	41,606	36,136
Net liabilities	41,606	36,136
Results		
Loss for the financial year, representing total comprehensive loss for the financial year	(5,470)	(8,792)

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

	2019 RM	2018 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	(1,641)	(2,638)

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 RM1,641 (2018: RM2,638) from its financial statements.

As at 31 December 2019, the cumulative unrecognised share of losses of the associate is RM9,354 (2018: RM7,713).

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2019 RM	Group 2018 RM
At 1 January	(1,211,200)	(2,843,000)
Recognised in profit or loss (Note 20)	468,980	1,631,800
At 31 December	(742,220)	(1,211,200)

Presented after appropriate offsetting as follows:

	Group 2019 RM	Group 2018 RM
Deferred tax assets	300,000	617,800
Deferred tax liabilities	(1,042,220)	(1,829,000)
	(742,220)	(1,211,200)

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

	Group 2019 RM	Group 2018 RM
Deferred tax assets		
Unutilised tax losses	300,000	1,166,978
Deferred tax liabilities		
Differences between carrying amounts of property, plant and equipment and their tax base	(1,042,220)	(2,378,178)
	(742,220)	(1,211,200)

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 assets is recognised in the financial statement are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Unutilised tax losses	42,511,829	38,582,716	1,427,705	1,202,740
Unabsorbed capital allowances	6,588,533	4,650,866	791	–
	49,100,362	43,233,582	1,428,496	1,202,740

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

11. INVENTORIES

	Group 2019 RM	Group 2018 RM
At cost		
Finished goods	1,076,737	1,320,902

During the financial year, inventories of the Group recognised as cost of sales amounted to RM124,875 (2018: RM111,390). In addition, the amounts recognised in the cost of sales including the following:

	Group 2019 RM	Group 2018 RM
Inventories written down	84,396	120,978
Inventories written off	216	185,343
	84,612	306,321

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current					
Trade					
Trade receivables					
- Third parties		13,732,097	17,474,097	–	–
- Subsidiaries		–	–	9,246,588	6,680,194
		13,732,097	17,474,097	9,246,588	6,680,194
Less: Impairment losses for					
- Third parties		(5,229,269)	(6,276,318)	–	–
- Subsidiaries		–	–	(292,713)	(356,988)
		(5,229,269)	(6,276,318)	(292,713)	(356,988)
		8,502,828	11,197,779	8,953,875	6,323,206
Accrued revenue		4,773,888	4,876,140	–	–
Total trade receivables	(a)	13,276,716	16,073,919	8,953,875	6,323,206
Non-trade					
Amounts owing by subsidiaries	(b)	–	–	5,941,307	5,982,793
Other receivables	(c)	1,182,709	7,025,888	1,723	97
Deposits		645,347	615,413	2,000	2,000
Prepayments		1,575,980	2,651,629	–	–
		3,404,036	10,292,930	5,945,030	5,984,890
Less: Impairment losses for					
- Other receivables	(d)	(8,000)	(8,000)	–	–
- Subsidiaries	(d)	–	–	(4,561,710)	(4,561,710)
		(8,000)	(8,000)	(4,561,710)	(4,561,710)
Total other receivables		3,396,036	10,284,930	1,383,320	1,423,180
Total trade and other receivables		16,672,752	26,358,849	10,337,195	7,746,386

12. TRADE AND OTHER RECEIVABLES (cont'd)

The foreign currency exposure profiles of trade and other receivables of the Group is as follows:

	Group 2019 RM	Group 2018 RM
United States Dollar	–	155,248
Singapore Dollar	265,956	721,289
	265,956	876,537

(a) The Group's and the Company's normal trade credit term extended to customers ranging from 7 to 90 days (2018: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis.

<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 are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
At 1 January	6,276,318	5,027,542	356,988	–
Effect of adoption of MFRS 9	–	1,067,435	–	–
	6,276,318	6,094,977	356,988	–
Charge for the financial year				
- Individually assessed	272,193	238,059	–	356,988
Reversal of impairment losses	(1,319,242)	(56,718)	(64,275)	–
At 31 December	5,229,269	6,276,318	292,713	356,988

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

The information about the credit exposures are disclosed in Note 25(i).

(b) Amounts owing by subsidiaries represent advances which are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

(c) Included in the other receivables of the Group is an amount of RM139 (2018: RM53,957) owing from a company in which certain directors have interests.

12. TRADE AND OTHER RECEIVABLES (cont'd)

(d) The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	8,000	8,000	4,561,710	–
Charge for the financial year				
- Individually assessed	–	–	–	4,561,710
At 31 December	8,000	8,000	4,561,710	4,561,710

13. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	1,216,437	3,744,397	15,059	47,517
Deposits with licensed banks	5,620,796	4,525,601	–	–
Cash and cash equivalents as reported in the statements of financial position	6,837,233	8,269,998	15,059	47,517
Less: - Bank overdrafts (Note 15)	(3,550,511)	(4,133,958)	–	–
Less: - Deposits pledged as security	(5,355,545)	(4,270,688)	–	–
Cash and cash equivalents as reported in the statements of cash flows	(2,068,823)	(134,648)	15,059	47,517

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 2.95% to 3.10% (2018: 3.15% to 3.35%) per annum.

Included in the deposits with licensed banks of the Group is an amount of RM5,355,545 (2018: RM4,270,688) pledged as security for bank overdrafts, bankers' acceptances and trade financing granted to subsidiaries as disclosed in Note 15.

14. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amounts	
	2019 Unit	2018 Unit	2019 RM	2018 RM
Issued and fully paid:				
At beginning/end of the financial year	558,200,020	558,200,020	55,820,002	55,820,002

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.

15. LOANS AND BORROWINGS

		Group	
	Note	2019 RM	2018 RM
Non-current:			
Term loan I	(a)	1,702,389	3,828,478
Term loan II	(a)	7,583,348	8,073,682
Term loan IV	(a)	558,688	–
Lease liabilities/Finance lease liabilities	(b)	1,131,233	2,696,138
		10,975,658	14,598,298
Current:			
Term loan I	(a)	2,109,468	2,020,171
Term loan II	(a)	513,414	490,758
Term loan III	(a)	–	589,539
Term loan IV	(a)	1,527,199	1,300,544
Lease liabilities/Finance lease liabilities	(b)	2,005,461	1,795,378
Bankers' acceptances	(c)	887,942	3,595,187
Bank overdrafts	(c)	3,550,511	4,133,958
		10,593,995	13,925,535
Total loans and borrowings:			
Term loans	(a)	13,994,506	16,303,172
Lease liabilities/Finance lease liabilities	(b)	3,136,694	4,491,516
Bankers' acceptances	(c)	887,942	3,595,187
Bank overdrafts	(c)	3,550,511	4,133,958
		21,569,653	28,523,833

15. LOANS AND BORROWINGS (cont'd)

(a) Term loans

Term loans I, II and IV of a subsidiary bear interest at rates of 5.37%, 4.98% and 5.47% (2018: 5.27%, 4.74% and 5.91%) per annum respectively and are repayable over 5 years, 15 years and 5 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, II and IV 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 (2018: 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 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.

Term loan III of a subsidiary was fully settled and is in discharging process of the financial institution.

(b) Lease Liabilities/Finance lease liabilities

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

	Group	
	2019 RM	2018 RM
Minimum lease payments		
Not later than one year	2,090,299	1,966,448
Later than one year and not later than 5 years	1,158,519	2,747,320
	3,248,818	4,713,768
Less: Future finance charges	(112,124)	(222,252)
Present value of minimum lease payments	3,136,694	4,491,516

Notes to the Financial Statements
(cont'd)

15. LOANS AND BORROWINGS (cont'd)

(b) Lease Liabilities/Finance lease liabilities (cont'd)

Future minimum lease payments under lease liabilities together with the present value of net minimum lease payments are as follows: (cont'd)

	Group	
	2019	**2018**
	RM	**RM**
Present value of minimum lease payments		
Not later than one year	2,005,461	1,795,378
Later than one year and not later than 5 years	1,131,233	2,696,138
	3,136,694	4,491,516
Less: Amount due within 12 months	(2,005,461)	(1,795,378)
Amount due after 12 months	1,131,233	2,696,138

Certain computer equipment and motor vehicle of the Group as disclosed in Note 5 are pledged for leases. Such leases do not have terms of renewal which would give the average interest rate implicit in the leases ranging from 3.83% to 7.68% (2018: 3.83% to 7.68%) per annum.

(c) Bank overdrafts and bankers' acceptances

The bank overdrafts and bankers' acceptances 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.

16. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Trade					
Trade payables					
Third parties	(a)	5,939,866	6,973,877	–	–
Subsidiaries		–	–	–	36,486
		5,939,866	6,973,877	–	36,486
Non-trade					
Other payables					
Third parties	(b)	1,524,533	2,264,091	79,973	131,179
GST payable		53,980	53,969	–	–
SST payable		274,091	–	75,201	–
Amounts owing to subsidiaries		–	–	33,220,437	25,713,434
Deposits and accruals		3,566,099	4,571,262	75,546	117,400
		5,418,703	6,889,322	33,451,157	25,962,013
Total trade and other payables		11,358,569	13,863,199	33,451,157	25,998,499

The foreign currency exposure profile of trade and other payables is as follows:

	Group 2019 RM	Group 2018 RM
United States Dollar	873,283	1,316,066
Singapore Dollar	149,906	463,983
	1,023,189	1,780,049

(a) The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 60 days (2018: 30 to 60 days).

(b) The amounts owing to subsidiaries are unsecured, non-interest bearing and repayable upon demand in cash.

17. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Timing of revenue recognition:				
At a point in time				
Dividend income	–	–	–	6,000,000
Sales of goods	123,291	251,340	–	–
Over time				
Information technology services	29,277,328	36,883,118	–	–
Information communication technology services	6,986,328	12,323,507	–	–
Management fees	–	–	3,651,988	3,808,601
Satellite-based network services	2,341,668	3,073,676	–	–
	38,728,615	52,531,641	3,651,988	9,808,601

18. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amortisation of intangible assets	874,825	656,270	–	–
Auditors' remuneration:				
- statutory audit	179,175	162,974	48,000	45,000
- non-statutory audit fees	64,600	55,600	64,600	55,600
Bad debts written off	546,915	–	–	–
Deposit written off	82,900	–	–	
Depreciation of investment property	26,596	26,596	–	–
Depreciation of property, plant and equipment	7,298,574	10,099,319	791	–
Employee benefits expense (Note 19)	15,213,962	16,190,185	346,500	292,500
Gain on disposal of property, plant and equipment	(49,938)	(832,510)	–	–

18. (LOSS)/PROFIT BEFORE TAX (cont'd)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax: (cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment loss on:				
- trade receivables	272,193	238,059	–	–
- amount owing by subsidiaries (trade)	–	–	–	356,988
- amount owing by subsidiaries (non-trade)	–	–	–	4,561,710
- investment in subsidiaries	–	–	3,613,179	350,000
- quasi loan	–	–	18,378,863	–
- goodwill	468,996	–	–	–
Interest expenses:				
- bankers' acceptances and bank overdrafts	457,727	420,678	–	–
- lease liabilties/ finance lease payables	169,209	199,911	–	–
- term loans	771,452	904,418	–	–
Interest income	(219,485)	(200,411)	–	–
Inventories written down	84,396	120,978	–	–
Inventories written off	216	185,343	–	–
Loss/(Gain) on foreign exchange				
- realised	37,433	(93,341)	–	–
- unrealised	43,998	273,420	–	–
Property, plant and equipment written off	72,340	7,478	–	–
Rental expenses	20,568	195,315	–	–
Rental income	(212,184)	(204,992)	–	–
Reversal of impairment loss on trade receivables	(1,319,242)	(56,718)	(64,275)	–

19. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and wages	11,673,544	12,495,619	–	–
Defined contribution plan	1,091,550	1,195,798	–	–
Directors' remuneration (Note (i))	2,448,868	2,498,768	346,500	292,500
	15,213,962	16,190,185	346,500	292,500

Notes to the Financial Statements
(cont'd)

19. EMPLOYEE BENEFITS EXPENSE (cont'd)

(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	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
- fees	312,000	278,000	312,000	278,000
- other emoluments	1,289,339	1,265,139	34,500	14,500
	1,601,339	1,543,139	346,500	292,500
Directors of the subsidiaries				
- fees	52,505	–	–	–
- other emoluments	798,969	955,629	–	–
	847,529	955,629	–	–
Total directors' remuneration	2,448,868	2,498,768	346,500	292,500

20. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current income tax:				
Based on results of the financial year	910,871	1,874,777	–	–
Under provision in prior financial years	342,835	859,441	–	–
	1,253,706	2,734,218	–	–
Deferred tax: (Note 10)				
Origination of temporary differences	(667,971)	(986,372)	–	–
Under/(Over) provision in prior financial years	198,991	(645,428)	–	–
	(468,980)	(1,631,800)	–	–
Income tax expense recognised in profit or loss	784,726	1,102,418	–	–

20. INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

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	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before tax	(4,456,962)	(3,715,684)	(22,450,730)	376,089
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	(1,069,671)	(891,764)	(5,388,175)	90,261
Income not subject to tax	(221,651)	(1,286)	–	–
Non-deductible expenses	126,195	583,235	5,333,994	1,344,835
Exempted income	–	–	–	(1,440,000)
Origination of deferred tax not recognised	1,408,027	1,198,220	54,181	4,904
(Over)/Under provision in prior financial year				
- current tax	342,835	859,441	–	–
- deferred tax	198,991	(645,428)	–	–
Income tax expense recognised in profit or loss	784,726	1,102,418	–	–

21. LOSS PER SHARE

(a) Basic loss per share is based on the loss 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	
	2019 RM	2018 RM
Loss for the financial year attributable to owners of the Company	(4,661,184)	(3,960,136)
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	558,200,020	558,200,020
Basic/Diluted loss per ordinary share (sen)	(0.84)	(0.71)

(b) The diluted loss per share of the Group for the financial years ended 31 December 2019 and 31 December 2018 are the same as the basic loss per share of the Group as the Group has no dilutive potential ordinary shares.

22. 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 four 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.

<u>Segment assets and liabilities</u>

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.

22. SEGMENT INFORMATION (cont'd)

	Note	IT RM	ICT RM	SAT RM	Investment holding RM	Adjustments and eliminations RM	Total RM
2019							
Revenue:							
Revenue from external customers	(a)	29,277,328	7,109,619	2,341,668	–	–	38,728,615
Inter-segment revenue		234,252	566,885	6,897	3,651,988	(4,460,022)	–
Total revenue		29,511,580	7,676,504	2,348,565	3,651,988	(4,460,022)	38,728,615
Results:							
Included in the measure of segment profit/(loss) are:							
Amortisation of intangible assets		(644,931)	(802)	(229,092)	–	–	(874,825)
Bad debts written off		(527,675)	–	(19,240)	–	–	(546,915)
Deposit written off		–	(82,900)	–	–	–	(82,900)
Depreciation of investment property		(26,596)	–	–	–	–	(26,596)
Depreciation of property, plant and equipment		(5,992,949)	(367,378)	(937,456)	(791)	–	(7,298,574)
Employee benefits expense		(8,893,224)	(5,284,044)	(693,194)	(343,500)	–	(15,213,962)
Gain on disposal of property, plant and equipment		48,067	333	1,538	–	–	49,938
Impairment loss on trade and other receivables		(134,683)	–	(140,752)	–	3,242	(272,193)
Impairment loss on investment in subsidiaries		–	–	–	(3,613,179)	3,613,179	–
Impairment loss on quasi loan		–	–	–	(18,378,863)	18,378,863	–
Interest expense		(1,200,511)	(137,922)	(75,024)	–	15,069	(1,398,388)
Interest income		159,911	1,310	58,264	–	–	219,485
Inventories written down		–	(84,396)	–	–	–	(84,396)
Inventories written off		(216)	–	–	–	–	(216)
Property, plant and equipment written off		(16,555)	(32,151)	(23,634)	–	–	(72,340)
Rental expenses		(4,721)	(11,266)	(4,581)	–	–	(20,568)
Rental income		331,882	–	–	–	(119,698)	212,184
Reversal of impairment loss on trade receivables		887,366	78,994	352,882	(64,275)	64,275	1,319,242
Segment profit/(loss)		2,599,383	(2,339,099)	(3,734,576)	(22,450,730)	21,468,060	(4,456,962)
Income tax expense		(466,502)	(424)	(617,800)	–	300,000	(784,726)
Profit/(Loss) for the financial year		2,132,881	(2,339,523)	(4,352,376)	(22,450,730)	21,768,060	(5,241,688)
Segment assets		80,937,509	17,977,715	4,436,185	75,301,598	(82,615,245)	96,037,762
Segment liabilities		31,255,855	18,139,503	5,443,124	33,451,157	(54,165,456)	34,124,183

Notes to the Financial Statements (cont'd)

22. SEGMENT INFORMATION (cont'd)

	Note	IT RM	ICT RM	SAT RM	Investment holding RM	Adjustments and eliminations RM	Total RM
2018							
Revenue:							
Revenue from external customers	(a)	37,015,062	12,442,903	3,073,676	–	–	52,531,641
Inter-segment revenue		–	1,386,165	209,741	9,808,601	(11,404,507)	–
Total revenue		37,015,062	13,829,068	3,283,417	9,808,601	(11,404,507)	52,531,641
Results:							
Included in the measure of segment profit/(loss) are:							
Amortisation of intangible assets		(655,898)	(372)	–	–	–	(656,270)
Depreciation of investment property		(26,596)	–	–	–	–	(26,596)
Depreciation of property, plant and equipment		(8,463,414)	(577,866)	(1,058,039)	–	–	(10,099,319)
Employee benefits expense		(8,120,818)	(7,034,112)	(742,755)	(292,500)	–	(16,190,185)
Gain on disposal of property, plant and equipment		832,491	19	–	–	–	832,510
Impairment loss on trade and other receivables		(246,166)	(33,694)	(109,377)	(4,918,698)	5,069,876	(238,059)
Impairment loss on investment in subsidiaries		(51,000)	–	–	(350,000)	401,000	-
Interest expenses		(1,290,691)	(359,262)	(128,115)	–	253,061	(1,525,007)
Interest income		182,382	256,263	14,827	–	(253,061)	200,411
Inventories written down		–	(120,978)	–	–	–	(120,978)
Inventories written off		–	(183,645)	(1,698)	–	–	(185,343)
Property, plant and equipment written off		(1,312)	(13)	(6,153)	–	–	(7,478)
Rental expenses		(72,694)	(89,393)	(152,926)	–	119,698	(195,315)
Rental income		324,911	(221)	–	–	(119,698)	204,992
Reversal of impairment loss on trade receivables		–	130,098	–	–	(73,380)	56,718
Segment profit/(loss)		4,439,358	(2,933,106)	(4,506,402)	376,089	(1,091,623)	(3,715,684)
Income tax expense		(900,249)	9,031	(211,200)	–	–	(1,102,418)
Profit/(Loss) for the financial year		3,539,109	(2,924,075)	(4,717,602)	376,089	(1,091,623)	(4,818,102)
Segment assets		82,823,718	17,856,531	6,262,050	90,299,670	(85,907,276)	111,334,693
Segment liabilities		36,595,574	22,053,567	5,958,650	25,998,499	(46,390,258)	44,216,032

22. SEGMENT INFORMATION (cont'd)

(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
	2019 RM	2018 RM	
Customer A	26,733,285	35,891,349	IT
Customer B	4,263,029	7,730,521	ICT

23. 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	
	2019 RM	2018 RM
Subsidiaries		
Management fee received/receivable	(3,651,988)	(3,807,643)
Secondment fee paid/payable	3,374,284	3,429,271
A director's related company		
Professional fees	–	32,300

23. RELATED PARTIES (cont'd)

(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	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	2,448,868	2,498,768	346,500	292,500

24. 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) Amortised cost

	Carrying amount RM	Amortised cost RM
At 31 December 2019		
Financial assets		
Group		
Trade and other receivables, net of prepayments	15,096,772	15,096,772
Deposits, cash and bank balances	6,837,233	6,837,233
	21,934,005	21,934,005
Company		
Trade and other receivables	10,337,195	10,337,195
Deposits, cash and bank balances	15,059	15,059
	10,352,254	10,352,254
Group		
Loans and borrowings	(21,569,653)	(21,569,653)
Trade and other payables, net of GST and SST payable	(11,030,498)	(11,030,498)
	(32,600,151)	(32,600,151)
Company		
Trade and other payables, net of SST payable	(33,375,956)	(33,375,956)

24. FINANCIAL INSTRUMENTS (cont'd)

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

(i) Amortised cost (cont'd)

	Carrying amount RM	Amortised cost RM
At 31 December 2018		
Financial assets		
Group		
Trade and other receivables, net of prepayments	23,707,220	23,707,220
Deposits, cash and bank balances	8,269,998	8,269,998
	31,977,218	31,977,218
Company		
Trade and other receivables	7,746,386	7,746,386
Deposits, cash and bank balances	47,517	47,517
	7,793,903	7,793,903
Financial liabilities		
Group		
Loans and borrowings	(28,523,833)	(28,523,833)
Trade and other payables, net of GST payable	(13,809,230)	(13,809,230
	(42,333,063)	(42,333,063)
Company		
Trade and other payables	(25,998,499)	(25,998,499)

(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.

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2019 and 31 December 2018.

24. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement (cont'd)

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

	Carrying amount RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
31 December 2018					
Financial liabilities					
Amortised cost					
- finance lease liabilities	4,491,516	–	4,099,611	–	4,099,611

Level 2 fair value

<u>Fair value of financial instruments not carried at fair value</u>
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.

25. 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

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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

Trade and other receivables

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.

<u>Credit risk concentration profile</u>
At the end of the reporting period, 42% (2018: 92%) of the Group's trade receivables was due from three (2018: five) major customers.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's and Company's trade receivables using provision matrix are as follows:

	Expected credit loss rate	Gross carrying amount RM	Expected credit losses RM	Net balance RM
Group				
At 31 December 2019				
Current	0%	1,004,206	–	1,004,206
1 to 30 days past due	0%	5,291,348	–	5,291,348
31 to 60 days past due	0%	167,767	–	167,767
61 to 90 days past due	0%	325,184	–	325,184
More than 91 days past due	0%	1,714,323	–	1,714,323
Credit impaired				
Individually impaired		5,229,269	5,229,269	–
		13,732,097	5,229,269	8,502,828
At 31 December 2018				
Current	0%	7,735,785	–	7,735,785
1 to 30 days past due	0%	126,127	–	126,127
31 to 60 days past due	0%	349,453	–	349,453
61 to 90 days past due	0%	151,545	–	151,545
More than 91 days past due	0%	2,834,869	–	2,834,869
Credit impaired				
Individually impaired		6,276,318	6,276,318	–
		17,474,097	6,276,318	11,197,779

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

The information about the credit risk exposure on the Group's and Company's trade receivables using provision matrix are as follows: (cont'd)

	Expected credit loss rate	Gross carrying amount RM	Expected credit losses RM	Net balance RM
Company				
At 31 December 2019				
Current	0%	165,673	–	165,673
1 to 30 days past due	0%	262,668	–	262,668
31 to 60 days past due	0%	170,080	–	170,080
61 to 90 days past due	0%	270,289	–	270,289
More than 91 days past due	0%	8,085,165	–	8,085,165
Credit impaired				
Individually impaired		292,713	292,713	–
		9,246,588	292,713	8,953,875
At 31 December 2018				
Current	0%	292,824	–	292,824
1 to 30 days past due	0%	302,627	–	302,627
31 to 60 days past due	0%	296,778	–	296,778
61 to 90 days past due	0%	305,441	–	305,441
More than 91 days past due	0%	5,125,536	–	5,125,536
Credit impaired				
Individually impaired		356,988	356,988	–
		6,680,194	356,988	6,323,206

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

Other receivables and other financial assets (cont'd)

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

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 RM14,882,448 (2018: RM19,898,359) 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, loan 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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity risk (cont'd)

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					
2019					
Trade and other payables, net of GST and SST payable	11,030,498	11,030,498	–	–	11,030,498
Loans and borrowings	21,569,653	11,302,210	7,226,940	5,962,358	24,491,508
	32,600,151	22,332,708	7,226,940	5,962,358	35,522,006
2018					
Trade and other payables, net of GST payable	13,809,230	13,809,230	–	–	13,809,230
Loans and borrowings	28,523,833	14,809,836	10,558,341	6,779,719	32,147,896
	42,333,063	28,619,066	10,558,341	6,779,719	45,957,126
Company					
2019					
Trade and other payables	33,375,956	33,375,956	–	–	33,375,956
Financial guarantee contracts *	–	14,882,448	–	–	14,882,448
Bank overdrafts	3,550,511	3,550,511	–	–	3,550,511
	36,926,467	51,808,915	–	–	51,808,915
2018					
Trade and other payables	25,998,499	25,998,499	–	–	25,998,499
Financial guarantee contracts *	–	19,898,359	–	–	19,898,359
Bank overdrafts	4,133,958	4,133,958	–	–	4,133,958
	30,132,457	50,030,816	–	–	50,030,816

* 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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(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	
	2019 RM	2018 RM
Trade receivables		
United States Dollar ("USD")	–	155,248
Singapore Dollar ("SGD")	265,500	230,270
	265,500	385,518
Other receivables		
Singapore Dollar ("SGD")	456	491,019
Trade payables		
United States Dollar ("USD")	(873,283)	(1,316,066)
Singapore Dollar ("SGD")	(39,312)	(125,864)
	(912,595)	(1,441,930)
Other payables		
Singapore Dollar ("SGD")	(110,594)	(338,119)

Sensitivity analysis for foreign currency risk
The Group's principal foreign currency exposure relates to United States Dollar ("USD") and Singapore Dollar ("SGD").

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

Notes to the Financial Statements
(cont'd)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	Change in rate	Effect on equity and loss for the financial year RM
2019		
- USD	+10%	(66,370)
	-10%	66,370
- SGD	+10%	8,820
	-10%	(8,820)
2018		
- USD	+10%	(88,222)
	-10%	88,222
- SGD	+10%	19,555
	-10%	(19,555)

(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 total equity and loss for the financial year.

	Change in basis point	Effect on equity and loss for the financial year RM
Group		
31 December 2019	+50	(53,179)
	-50	53,179
31 December 2018	+50	(61,952)
	-50	61,952

26. OPERATING LEASES

(a) Operating lease commitments – as lessee

The Group leases a number of premises 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 2018 RM
Not more than one year	177,954
Later than one year and not later than five years	289,489
	467,443

(b) Operating lease commitments – as lessor

The Group leases an investment property which has remaining lease term of three 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	
	2019 RM	2018 RM
Not more than one year	212,184	194,184
Later than one year and not later than five years	194,184	388,368
	406,368	582,552

27. 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 2019 and 31 December 2018.

27. CAPITAL MANAGEMENT (cont'd)

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 2019 and 31 December 2018 are as follows:

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Loans and borrowings	15	21,569,653	28,523,833	–	–
Less:					
Deposits, cash and bank balances	13	(6,837,233)	(8,269,998)	(15,059)	(47,517)
Net debts		14,732,420	20,253,835	(15,059)	(47,517)
Total equity		61,913,579	67,118,661	41,850,441	64,301,171
Total net debt plus equity		76,645,999	87,372,496	41,835,382	64,253,654
Gearing ratio		19%	23%	*	*

* Not meaningful.

Other than as disclosed in Note 15, 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 2019 and 31 December 2018.

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 30 September 2019, Privasat Sdn Bhd ("Privasat"), a wholly owned subsidiary of the Company had received a notification of contribution to Universal Service Fund, of total amount RM668,186.64 ("The Said Amount"), payable to Malaysian Communications Multimedia Commission ("MCMC") for year 2017 and 2018 based on return of net revenues derived from designated services for the calendar year 2016 and 2017 respectively, The Said Amount has been accounted for in the financial statements. During the year, Privasat had submitted payment plan to MCMC but was rejected with a counter proposal from MCMC. Privasat had then further sought discussion with MCMC with revised payment plans, however there was no response from MCMC.

Subsequent to the financial year end, Privasat received Demand Letter from MCMC via its solicitors.

Subsequent to the Demand Letter, Privasat via its lawyer responded to the Demand Letter with a settlement proposal. Unfortunately, Privasat did not receive a response from MCMC. Thereafter, MCMC proceeded to file Writs Summons against Privasat. A potential liability of approximately RM75,000 is estimated which is made up of 5% interest per annum and legal cost arising from the Writ and Statement of Claim.

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (cont'd)

The suit that fixed for case management by way of e-review scheduled on 17 March 2020 has been deferred to 22 April 2020. It was further deferred to 12 May 2020 for case management.

On 12 May 2020, the court has instructed both parties to file the relevant cause papers and to mediate the matters for settlement before the next date of case management on 21 July 2020.

29. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

	As previously reported RM	Reclassified RM	As restated RM
Group			
Statement of comprehensive income			
31 December 2018			
Cost of sales	31,736,630	7,075,212	38,811,842
Other expenses	24,214,757	(7,075,212)	17,139,545

STATEMENT BY **DIRECTORS**

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

We, **DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI** 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 54 to 135 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
Director

PUVANESAN A/L SUBENTHIRAN
Director

Kuala Lumpur

Date: 28 May 2020

STATUTORY **DECLARATION**

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

I, **CHUAN MEI LING**, 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 54 to 135 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.

CHUAN MEI LING
MIA Membership No: 13773

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 May 2020.

Before me,

HADINUR MOHD SYARIF (NO.W761)
Commissioner for Oaths

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 2019 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 54 to 135.

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 2019, 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 goodwill mainly arising from acquisition of subsidiaries. The goodwill is tested for impairment annually. We focused on this area because this assessment requires significant judgements by the directors on 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.

Our response:
Our audit procedures included, among others:

- assessing the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets;
- comparing the actual results with previous budget to assess the performance of the business and reliability of forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rate, 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.

Independent Auditors' Report
To the members of Privasia Technology Berhad
(Incorporated in Malaysia)
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Group (cont'd)

Trade receivables (Note 12 to the financial statements)

The Group has significant trade receivables as at 31 December 2019 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:
Our audit procedures included, among others:
- reviewing 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 and calculation of expected credit losses as at the end of the reporting period.

Company

Investment in subsidiaries and amounts owing by subsidiaries (Notes 8 and 12 to the financial statements)

As at the end of the financial year, the Company determined whether there is any indication of impairment in investment in subsidiaries and amounts owing by subsidiaries.

We focused on this area because the directors' assessment of the recoverable amount involved significant judgement. The recoverable amounts of investment in subsidiaries and amounts owing by subsidiaries respectively were determined based on value-in-use which includes the discount rates applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:
Our audit procedures 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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.

Independent Auditors' Report
To the members of Privasia Technology Berhad
(Incorporated in Malaysia)
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 8 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2020 J
Chartered Accountant

Kuala Lumpur

Date: 28 May 2020

ANALYSIS OF **SHAREHOLDING**
As at 29 May 2020

Issued Share Capital	:	RM55,820,002.00 comprising 558,200,020 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:

Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	23	0.66	717	0.00
100 – 1,000	220	6.30	131,183	0.02
1,001 – 10,000	1,010	28.93	6,863,400	1.23
10,001 – 100,000	1,768	50.64	77,149,100	13.82
100,001 - 27,910,000 *	467	13.38	246,333,600	44.13
27,910,001 and above **	3	0.09	227,722,020	40.80
TOTAL	**3,491**	**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	*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	1,027,800	0.19		
		16,609,200	2.98		
2	**ANDRE ANTHONY A/L HUBERT RENE	10,174,700	1.82	156,549,520	28.05
3	DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI	10,200,000	1.83	–	–
4	HAIDA SHENNY BINTI HAZRI	708,000	0.13	–	–
5	HASLINDA BT HUSSEIN	–	–	–	–

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

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

Analysis of Shareholding
As at 29 May 2020 (cont'd)

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.	Puvanesan a/l Subenthiran	15,581,400	2.79
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Yeow Kim (MG0000137)*	12,815,300	2.30
6.	AmBank (M) Berhad *Pledged Securities Account for Datuk Ali Bin Abdul Kadir (SMART)*	12,521,400	2.24
7.	Dato' Mohamed Sharil Bin Mohamed Tarmizi	10,200,000	1.83
8.	Andre Anthony a/l Hubert Rene	10,174,700	1.82
9.	Lee Siew Lin	7,600,000	1.36
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lok Huey Ming*	4,524,900	0.81
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Datuk Ali Bin Abdul Kadir (PB)*	4,484,000	0.80
12.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Salbiah Binti Shuib (CEB)*	3,500,000	0.63
13.	JF Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lee Chee Keong (STA)*	3,100,000	0.56
14.	Lee Geok Lin	2,903,200	0.52
15.	Firmansyah Aang Bin Muhamad	2,846,900	0.51
16.	Shaiful Zahrin Bin Subhan	2,846,900	0.51
17.	Ong Yew Beng	2,700,000	0.48
18.	Chong Sau Kuen	2,600,000	0.47
19.	Tiong Yeng Huang	2,150,000	0.39
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Datuk Mohd Aqliff Shane Abdullah*	1,935,000	0.35
21.	Mazer Sdn Bhd	1,850,000	0.33
22.	Md Luckmal Hakim Bin Zubit @ Zubir	1,770,700	0.32
23.	Goh Buck Chooi	1,750,000	0.31
24.	Rio Capital Sdn. Bhd.	1,666,000	0.30
25.	Wong Wai Lum	1,571,600	0.28
26.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chia Song Meng (E-KPG)*	1,560,000	0.28
27.	Chen King Ken	1,556,300	0.28
28.	Datuk Ali Bin Abdul Kadir	1,525,000	0.27
29.	M&A Nominee (Tempatan) Sdn Bhd *Pledged securities account for Chow Dai Ying (M&A)*	1,500,000	0.27
30	Heng Yik Wah	1,400,000	0.25

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 31.12.19 (RM)	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	11	99 years lease expiring on 6 September 2106	12,726,063	28.03.2008
	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.						

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PRIVASIA

PRIVASIA TECHNOLOGY BERHAD
Registration No. 200801023769 (825092-U)
(Incorporated in Malaysia)

Form of Proxy

Number of Shares held	CDS Account No.
	– –

I/We, ______________________________ NRIC/CompanyNo. ____________________
(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 **Twelfth Annual General Meeting ("12th AGM")** of the Company which will be conducted fully virtual at the **Broadcast Venue** at the **12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** on **Wednesday, 29 July 2020** 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 Business		**For**	**Against**
1.	To re-elect Dato' Mohamed Sharil Bin Mohamed Tarmizi as Director.		
2.	To re-elect Puvanesan A/L Subenthiran as Director.		
3.	To approve the payment of Directors' Benefits for the period from 1 July 2020 until 30 June 2021.		
4.	To approve the payment of Directors' fees and benefits of its subsidiaries of RM52,160 for the financial year ended 31 December 2019.		
5.	To approve the payment of Directors' fees up to an amount of RM318,000 for the period from 1 July 2020 until 30 June 2021.		
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration		
Special Business			
7.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

Dated this ______ day of ______________, 2020

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

NOTES TO FORM OF PROXY:-

1. The meeting will be conducted fully virtual where shareholders are only allowed to participate remotely via live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Online Portal at https://web.lumiagm.com/. With RPEV facilities, a shareholder may exercise his/her right to participate and vote at the 12th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to bsr.hepldesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 12th AGM in order to register, participate and vote remotely via RPEV facilities.
2. The venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue (Broadcast Venue). No shareholders/proxy(ies) from the public will be physically present at nor admitted to the Broadcast Venue.
3. For the purpose of determining who shall be entitled to participate in the 12th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 21 July 2020. A Depositor whose name appears as such Record of Depositors shall be entitled to participate the Meeting.
4. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote on his/her behalf. Where a member appoints more than one (1) proxy, the member shall specify the proportion of the shareholding to be represented by each proxy, failing which the appointments shall be invalid.
5. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of its attorney duly authorised in writing.
7. 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.
8. Where a Member is an Exempt Authorised Nominee as defined under SICDA 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.

NOTES TO FORM OF PROXY:- (cont'd)

9. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority, must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrar Sdn. Bhd. and may either be in the following manner:-
   (i) Either by hand or post, to the extent that is permissible to do so pursuant to the Movement Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or
   (ii) Electronically via email at BSR.Helpdesk@boardroomlimited.com; or
   (iii) Electronic means via Share Registrars website, Boardroom Smart Investor Online Portal. Kindly follow the link at https://boardroomlimited.my/ to log in and deposit your proxy form electronically not less than forty eight (48) hours before time for holding the Meeting or any adjournments thereof or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.
10. Pursuant to Paragraph 8.31A(1) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, all the resolutions in the 12th AGM of the Company shall be put to vote by way of poll.
11. By submitting the proxy form, the member consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, including any adjournment thereof.

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 30 June 2020.

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AFFIX
STAMP

The Company Secretary
PRIVASIA TECHNOLOGY BERHAD
Registration No. 200801023769 (825092-U)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

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Privasia Technology Berhad
(Incorporated in Malaysia)
Registration No. 200801023769 (825092-U)

C-21-02, 3 Two Square, No. 2, Jalan 19/1
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