PRIVASIA
TECHNOLOGY BERHAD

ANNUAL REPORT

Enhancing DIGITALIZATION

2020

SIMPLIFYING BUSINESS

SIMPLIFYING BUSINESS
Brand Promise

CORE VALUES

DO THE RIGHT THING
TRUSTWORTHY, HONEST, INTEGRITY

OUR PEOPLE FIRST
HUMILITY, CARING, EMPLOYEES FIRST, TRAIN & DEVELOP PEOPLE

HAVE AN ENTREPRENEURIAL SPIRIT
AGILITY, DYNAMIC, CAN-DO-SPIRIT, PASSIONATE ABOUT LEARNING, CUSTOMER FOCUS

PURPOSES

SIMPLIFYING BUSINESS BY ALWAYS INNOVATING & NURTURING TALENT BECAUSE EVERYONE DESERVES THE BEST VALUE

DESIGNED BY

INTERNS OF PRIVASIA SDN. BHD.

Vinodh Kumara Kuru (UTM)
Diyana Amirah Ismail (UiTM)

INTELLECTUAL PROPERTY PRODUCTS

PROCUREHERE

A CLOUD BASED DIGITAL PROCUREMENT SOLUTION WHICH UNLOCKS VALUE FOR YOUR BUSINESS

PROCUREHERE

INTELLECTUAL PROPERTY PRODUCTS
(cont'd)

iTAP

'A premier ports management ecosystem'

INFORMATION

- Data Analysis
- 7 Years Of Terminal Data Unused
- Machine Learning

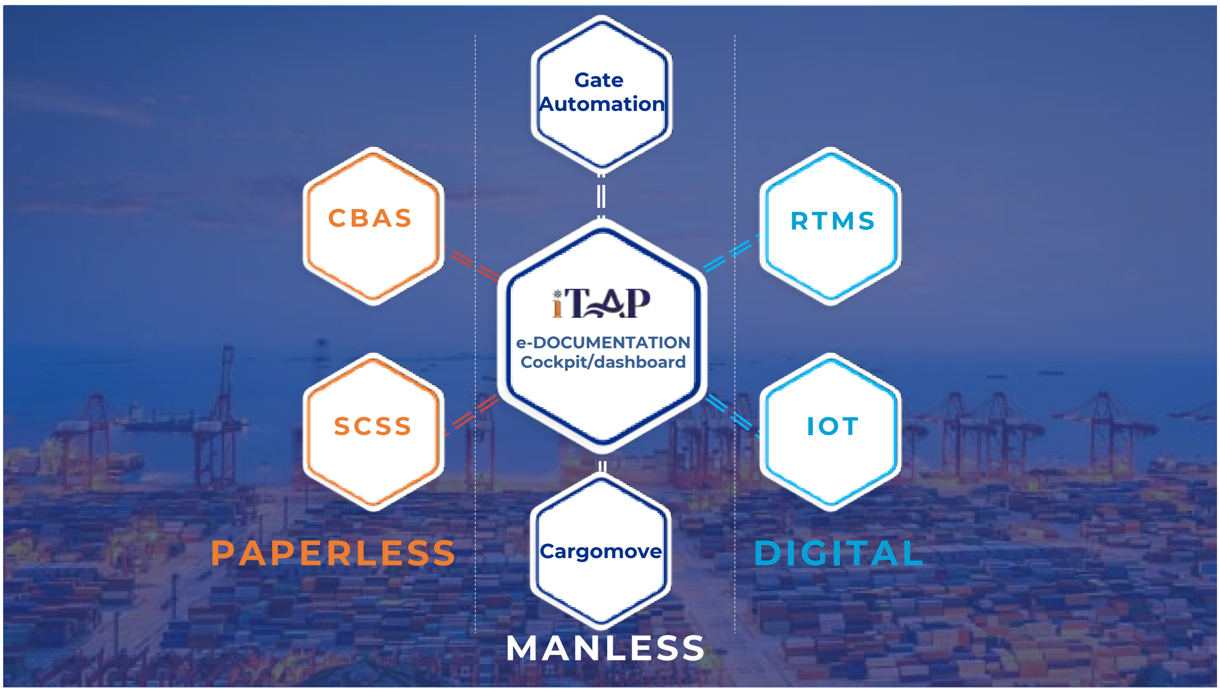
TERMINAL

AUTOMATION

- Paperless
- Man-less Gate/Equipment
- Mobile
- IoT
- Digitalisation

PLANNING

- Paper Computerized
- Computerized - Semi Automated planning
- Automated planning



INTELLECTUAL PROPERTY
PRODUCTS
(cont'd)

OUR INVOICE FINANCING PRODUCT IS A SHARIAH COMPLIANT FINTECH DRIVEN SOLUTION WITHIN A SUPPLY CHAIN ENVIRONMENT WITH THE ULTIMATE OBJECTIVE OF IMPROVING CASHFLOW POSITION AND BUSINESS EFFICIENCY

CONTENTS

NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Thirteenth Annual General Meeting** ("**13th AGM**") of Privasia Technology Berhad ("PTB" or "the Company") will be conducted on fully virtual basis from Broadcast Venue at 12th Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 30 June 2021** at **2.30 p.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1	To receive the Audited Financial Statements for the financial year ended 31 December 2020 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. Andre Anthony a/l Hubert Rene; and	Ordinary Resolution 1
	ii. Haida Shenny Binti Hazri.	Ordinary Resolution 2
3	To re-elect the following Directors who shall retire pursuant to Clause 156 of the Company's Constitution and being eligible, have offered themselves for re-election:	
	i. Dato' Azman Bin Mahmud;	Ordinary Resolution 3
	ii. Rachel Lau Jean Mei; and	Ordinary Resolution 4
	iii. Leong Kah Chern.	Ordinary Resolution 5
4	To approve the payment of Directors' fees up to RM414,000 and benefits payable to the Directors of the Company of up to RM40,000 from 1 July 2021 until the conclusion of the next AGM of the Company to be held in 2022.	Ordinary Resolution 6
5	To approve the payment of Directors' fees and benefits of the Company's subsidiaries of RM14,400 for the financial year ended 31 December 2020.	Ordinary Resolution 7
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 8

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 Section 75 and 76 of the Companies Act 2016.** — Ordinary Resolution 9

"**THAT** pursuant to Section 75 and 76 of the Companies Act, 2016, Additional Temporary Relief Measures to Listed Corporations for COVID-19 issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020 and subject always to the approval of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the capital of 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 20% 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 AGM of the Company **AND THAT** the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation of the additional shares so issued."

NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING
(cont'd)

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 : 31 May 2021

NOTES

1. The meeting will be conducted on fully virtual basis 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 at https://web.lumiagm.com/. With the RPEV facilities, shareholder may exercise his/her right to participate and vote at the 13th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to BSR.Helpdesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 13th AGM in order to register, participate and vote remotely via RPEV facilities.

2. The Broadcast Venue is strictly a main venue of the 13th AGM where the Chairman will be present in compliance with Section 327(2) of the Companies Act 2016. No members/proxies from the public will be physically present at the Broadcast Venue on the day of the 13th AGM.

3. For the purpose of determining who shall be entitled to attend the 13th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 23 June 2021. A Depositor whose name appears as such Record of Depositors shall be entitled to attend 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 a 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 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 under 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.

NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING
(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, at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or

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

   iii) Electronic means via Boardroom Smart Investor 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 i.e. latest by 28 June 2021 at 2.30 p.m 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 13th 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 does not require shareholders' approval for the financial statements. Hence, this Agenda is not to be put forward for voting.

2. Agenda 4 & 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 13th AGM on the Directors' fees and benefits under Resolution 6 & 7.

The Directors' Benefits comprise of meeting allowance payable to Directors at each meeting.

<u>Directors' Fees for the period from</u> 1 July 2021 until the conclusion of the next AGM of the Company to be held in 2022.

Fees	Amount (RM)
Executive Directors	96,000
Non-Executive Directors	318,000
TOTAL	**414,000**

NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes on Ordinary Business (cont'd)

2. Agenda 4 and 5 - Payment of Directors' Fees and Benefits. (cont'd)

Directors' Benefits for the period from 1 July 2021 until the conclusion of the next AGM of the Company to be held in 2022.

Benefits	Amount (RM)
Executive Directors	10,000
Non-Executive Directors	30,000
TOTAL	**40,000**

Directors' Fees and Benefits of the Company's subsidiaries for the financial year ended 31 December 2020.

Fees	Amount (RM)
Directors' Fee	14,400
TOTAL	**14,400**

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.

At its 12th AGM which was held on 29 July 2020, the Company had obtained general mandate for its directors to issue shares up to 10% of the issued and paid-up capital of the Company. This 10% general mandate will expire at the conclusion of this AGM. As at the date of this Notice, 55,820,000 new ordinary shares were issued via private placement.

The private placement was completed on 2 December 2020 following the listing and the quotation of:

(i) On 27 November 2020, first tranche of the private placement had been completed following the listing of and quotation for the 27,910,000 placement shares at an issue price of RM0.123 each and raised RM3,432,930 in the ACE Market of Bursa Malaysia Securities Berhad.

(ii) On 2 December 2020, second tranche of the private placement had been completed following the listing of and quotation for the 27,910,000 placement shares at an issue price of RM0.121 each and raised RM3,377,110 in the ACE Market of Bursa Malaysia Securities Berhad.

As at 31 December 2020, the details of utilisation of the proceeds raised were as follows:

Details of Utilisation	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)
Bank borrowings	3,123	1,000	2,123
Working capital	3,577	1,388	2,189
Estimated expenses	110	103	7
Total	**6,810**	**2,491**	**4,319**

Explanatory Notes on Special Business (cont'd)

Bursa Securities via its letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for the issuance of new shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities mandated that the 20% General Mandate may be utilized by a listed corporation to issue new securities until 31 December 2021 ("Extended Utilisation Period") and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Companies Act 2016, from its shareholders at the forthcoming 13th AGM of the Company.

The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organize a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding its business plans and ventures, future investment project(s), working capital and or acquisitions.

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

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

STATEMENT ACCOMPANYING NOTICE OF THE 13TH 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.

The Directors who are standing for election as Directors pursuant to Clause156 of the Company's Constitution at the 13th AGM (excluding Directors standing for a election) are as follows:

i. Dato' Azman Bin Mahmud;
ii. Rachel Lau Jean Mei; and
iii. Leong Kah Chern.

The details of the Directors seeking for election are set out in their profile on page 18 to 20 of this Annual Report 2020.

(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.

Details on the proposed 20% General Mandate to enable the Directors of the Company to issue and allot shares under Section 76 of the Companies Act 2016 are as stated in the Explanatory Notes of the Notice of 13th AGM.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

HASLINDA BT HUSSEIN
(Independent Non-Executive Director)

RACHEL LAU JEAN MEI
(Independent Non-Executive Director)
(Appointed on 10 May 2021)

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

HAIDA SHENNY BINTI HAZRI
(Independent Non-Executive Director)

DATO' AZMAN BIN MAHMUD
(Independent Non-Executive Director)
(Appointed on 10 May 2021)

LEONG KAH CHERN
(Independent Non-Executive Director)
(Appointed on 10 May 2021)

AUDIT AND RISK MANAGEMENT COMMITTEE

HAIDA SHENNY BINTI HAZRI (Chairman)
(re-designated as Chairman on 25 August 2020)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
(Member)

HASLINDA BT HUSSEIN (Member)

NOMINATION AND REMUNERATION COMMITTEE

HAIDA SHENNY BINTI HAZRI (Chairman)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI (Member)

INVESTMENT COMMITTEE

HASLINDA BT HUSSEIN (Chairman)

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
(Member)

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)

62C, Jalan SS21/62, Damansara Utama,
47400 Petaling Jaya, Selangor Darul Ehsan.
Tel : +603 7729 3337
Fax : +603 7729 3619

WEBSITE

www.privasia.com

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

ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("Bursa Securities")
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

CORPORATE STRUCTURE

31 December 2020

PRIVASIA TECHNOLOGY BERHAD

- **PRIVASIA SDN. BHD.** (100%)
  - **PRIVACOM SDN. BHD.** (100%)
  - **PRIVASIA (SABAH) SDN. BHD.** (100%)
- **FINANSHERE SDN. BHD.** (60%)
- **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.** (100%)
- **PRIVARAIL SDN. BHD.** (80%)
  - **PRIVASIA IOT SDN. BHD.** (100%)
- **PRIVASAT SDN. BHD.** (100%)
  - **MAPRI SDN. BHD.** (25%)

FINANCIAL CALENDAR

ANNOUNCEMENT

Quarter 1

29/06/2020 - Quarterly Report on the Consolidated Result for the Financial Period Ended 31 March 2020.

Quarter 2

26/08/2020 - Quarterly Report on the Consolidated Result for the Financial Period Ended 30 June 2020.

Quarter 3

26/11/2020 - Quarterly Report on the Consolidated Result for the Financial Period Ended 30 September 2020.

Quarter 4

31/03/2021 - Quarterly Report on the Consolidated Result for the Financial Period Ended 31 December 2020.

ANNUAL GENERAL MEETING

30/06/2020

Annual Report and Corporate Governance Report 2019.

29/07/2020

Twelfth Annual General Meeting (12th) of PrivasiaTechnology Berhad was conducted fully virtual at the Broadcast Venue on the 12th Floor, Menara Symphony.

CORPORATE EXERCISE

02/11/2020

Privasat Sdn Bhd entered into a Subscription and Shareholders Agreement with Uzma Teras Sdn Bhd and Tan Keng Ooi to incorporate Mapri Sdn Bhd.
Shareholding:
Uzma Teras Sdn Bhd 70%, Privasat Sdn Bhd 25% and Tan Keng Ooi 5%.

27/11/2020

1st tranche Private Placement of up to 27,910,000 new Ordinary Shares.

2/12/2020

2nd tranche Private Placement of up to 27,910,000 new Ordinary Shares

10/12/2020

Incorporation of a new subsidiary Finanshere Sdn Bhd.
Shareholding:
Privasia Technology Bhd, 60% and Gulf Tide Sdn Bhd, 40%

16/02/2021

Privanet Sdn Bhd entered into a Shareholders' Agreement to acquire 60% of Strategos Advisory Sdn Bhd.
Shareholding:
Privanet Sdn Bhd 60%, Ng Sau Fong 30% and Mohamad Firhan Bin MohdBasheer 10%

BOARD OF DIRECTORS
(including Key Senior Management)

Dato' Mohamed Sharil Bin Mohamed Tarmizi ("Dato' Sharil") was appointed as an Independent Non-Executive Director of Privasia Group on 5 July 2017. He is a member of the Audit and Risk Management Committee, Nomination and Remuneration Committee, and Investment Committee. On 27 May 2020, Dato' Sharil was appointed as Chairman of the Company in place of 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 several private companies including the Board of Directors of Lotus Cars UK and sits on the Advisory Board of the United Nations University Institute.

Dato' Sharil is an Independent Non-Executive Director/Chairman of Bina Darulaman Berhad, a company listed on the Main Market of Bursa Malaysia.

On 13 April 2021, Dato' Sharil was appointed as an Independent Non-Executive Director of Pos Malaysia Berhad, a company listed on the Main Market of Bursa Malaysia.

Dato' Sharil was also appointed as a Director of MKD Sejahtera Sdn Bhd ("MKD") on 12 March 2021. On 9 March 2021, MKD had changed its name to Digital Nasional Sdn Bhd and thereafter, on 29 March 2021, the status of MKD has changed and converted from private company to a public company known as Digital Nasional Berhad.

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, if any, and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2020.

He attended all the eight (8) Board Meetings which were held in the financial year ended 31 December 2020.

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
Chairman/ Independent Non-Executive Director
(52 years of age, Male, Malaysian)

BOARD OF DIRECTORS

(including Key Senior Management) (cont'd)

Puvanesan A/L Subenthiran ("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, if any, and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2020.

He attended all the eight (8) Board Meetings which were held in the financial year ended 31 December 2020.

PUVANESAN A/L SUBENTHIRAN
Chief Executive Officer/ Managing Director
(45 years of age, Male, Malaysian)

BOARD OF DIRECTORS
(including Key Senior Management) (cont'd)

Andre Anthony A/L Hubert Rene ("Mr. Andre") is one of the founding members of the Privasia Group, and was appointed as the 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 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, if any, and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2020.

He attended all the eight (8) Board Meetings which were held in the financial year ended 31 December 2020.

ANDRE ANTHONY A/L HUBERT RENE
Deputy Chief Executive Officer/ Executive Director
(45 years of age, Male, Malaysian)

BOARD OF DIRECTORS
(including Key Senior Management) (cont'd)

HAIDA SHENNY BINTI HAZRI
Independent Non-Executive Director
(47 years of age, Female, Malaysian)

Haida Shenny Binti Hazri ("Ms Haida") was appointed as an Independent Non-Executive Director of Privasia Group on 9 August 2018. She is a member of Investment Committee, was the Chairman of the Audit and Risk Management Committee and was a member of the Nomination and Remuneration Committee. On 2 March 2020, Ms Haida was re-designated as the Chairman of the Nomination and Remuneration Committee, and a member of the Audit and Risk Management Committee. Due to the changes in the Board composition, on 25 August 2020, Ms Haida was re-designated back as the Chairman of Audit and Risk Management 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 where she undertook legal and commercial roles in PETRONAS E&P, LNG and Technology Businesses. Her last position in PETRONAS was Chief Executive Officer, PETRONAS Technology Ventures Sdn. Bhd. She also served on various Boards of the PETRONAS companies such as PETRONAS Global Technical Solutions Sdn. Bhd., PETRONAS Technology Ventures Sdn Bhd, PETROSAINS Sdn. Bhd., as well as the technology company which PETRONAS invested in namely Lanzatech New Zeland Ltd.. Whilst in PETRONAS, she was also part of various corporate strategic studies and initiatives.

She joined Sapura Energy (known as SapuraKencana Petroleum at that time) and held the position of Vice President of Strategy and New Ventures (E&P) after she left PETRONAS in 2012. She was part of the team that worked on 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. She then joined Bintulu Supply Base Sdn Bhd to build a supply base in Bintulu, Sarawak where she served as the Chief Executive Officer until 2019.

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 is also a Non-Independent Non-Executive Director of Matrix Reservoir Sdn Bhd, a subsidiary of Ahmad Zaki Resources Berhad (AZRB) since 2019. She also serves as the Independent Non-Executive Chairperson of Keyfield International Berhad since 13 January 2021.

She currently sits on the Oil and Gas Industry Advisory Panel of Malaysia Petroleum Resource Corporation (MPRC).

She currently undertakes advisory work through Putih Advisors Asia Sdn Bhd, focusing on areas relating to E&P, LNG, supply base and port related matters.

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, if any, and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2020.

She attended all the eight (8) Board Meetings which were held in the financial year ended 31 December 2020.

BOARD OF DIRECTORS
(including Key Senior Management) (cont'd)

Haslinda Bt Hussein ("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 re-designated 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 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 from year 2003 to 2016 with her last position being Head of Strategic Planning and Portfolio Management. During her 13 years with PETRONAS, she 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.

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, if any, and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2020.

She attended all the eight (8) Board Meetings which were held in the financial year ended 31 December 2020.

HASLINDA BT HUSSEIN
Independent Non-Executive Director
(43 years of age, Female, Malaysian)

BOARD OF DIRECTORS

(including Key Senior Management) (cont'd)

DATO' AZMAN BIN MAHMUD

Independent Non-Executive Director

(60 years of age, Male, Malaysian)

Dato' Azman Bin Mahmud ("Dato' Azman") was appointed as an Independent Non-Executive Director of Privasia Group on 10 May 2021.

Dato' Azman, who holds a Bachelor degree in Agricultural Engineering from University Putra Malaysia, was formerly the chief executive officer ("CEO") of the Malaysian Investment Development Authority ("MIDA") having served in various positions across many divisions within MIDA since 1989 until his retirement on 1 April 2021. During his tenure with MIDA, he was also posted overseas. As the CEO, he led MIDA in driving the investment agenda of Malaysia to achieve national investment targets from 2014 till 2021. He also led the transformation of MIDA towards being a world-class Investment Promotion Agency.

Dato' Azman who has held various Board positions, has been a member of various government agencies and special task force related to development of businesses and investments. He is currently the Chairman of UPM Holdings Sdn Bhd, a wholly owned company of Universiti Putra Malaysia, held since May 2019 and a Director of the Malaysia Petroleum Resources Corporation, an agency under the Economic Planning Unit of the Prime Minister Department held since September 2019. He was appointed as an investment panel member of Penjana Kapital established by the Ministry of Finance in July 2020. He has been a Board member of Kulim Technology Park Corporation, the developer and manager of Kulim Hi-Tech Park since March 2014. He was appointed to the Board of Invest Sabah, an investment promotion agency for the state of Sabah in March 2021 and SMEA Aerospace Sdn Bhd as well as another aerospace manufacturing company on 1 May 2021.

He has been an Independent Non Executive Director of Panasonic Manufacturing Malaysia Berhad since 15 April 2021.

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, if any, and has not been imposed any public sanctions nor penalty by the relevant regulatory bodies during the financial year 2020.

There are no attendance records for Dato' Azman as he was not on the Board of Directors in the financial year ended 31 December 2020.

BOARD OF DIRECTORS
(including Key Senior Management) (cont'd)

Rachel Lau Jean Mei ("Ms Rachel") was appointed as an Independent Non-Executive Director of Privasia Group on 10 May 2021.

Ms Rachel, who holds a Bachelor of Commerce with Distinction from Australian National University and a Master of Law from University of Sydney. is the Managing Partner and Co-Founder of RHL Ventures Sdn Bhd ("RHL Ventures"). RHL Ventures is a Southeast-Asian based investment firm that invests intergenerational capital in revolutionary entrepreneurs looking to disrupt existing ways of doing business and making an impact to society.

Prior to that, Ms Rachel had years of experience in investment management during her tenure with Heitman Investment Management and ING Investment Management.

Ms Rachel was one of the youngest independent directors in a New York Stock Exchange ("NYSE") listed company, GNC Holdings (NYSE: GNC), privatized by CITIC Capital Holdings Limited in 2020 and served on many other technology boards including Healthmetrics Sdn Bhd and Glife Technologies Pte Ltd.

She is on the panel of experts for the Ministry of Youth and Sports and serves as the Country Chair for Global Dignity's Malaysia chapter.

In 2018, Ms Rachel was named as 50 People who are Redefining the Way We Live by Business Times Singapore.

She does not hold any other directorship in any 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, if any, and has not been imposed any public sanctions nor penalty by the relevant regulatory bodies during the financial year 2020.

There is no attendance records for Ms Rachel as she was not on the Board of Directors in the financial year ended 31 December 2020.

RACHEL LAU JEAN MEI
Independent Non-Executive Director
(35 years of age, Female, Malaysian)

BOARD OF DIRECTORS

(including Key Senior Management) (cont'd)

LEONG KAH CHERN

Independent Non-Executive Director
(49 years of age, Male, Malaysian)

Leong Kah Chern ("Mr Danny") was appointed as an Independent Non-Executive Director of Privasia Group on 10 May 2021.

He graduated with a Bachelor of Arts (majoring in Accounting and Financial Management) from University of Essex, United Kingdom. He also graduated from Harvard Business School after completing the Competing on Business Analytics and Big Data programme.

Mr Danny started his career at Accenture Malaysia Sdn Bhd (formerly known as Andersen Consulting) focusing on telecommunications consulting in 1994. He left Accenture as a Senior Manager in 2003 to co-found Adeptis Solutions Sdn Bhd ("Adeptis") which provides automotive solutions and business consulting services to their clients. In 2006, Adeptis was acquired by Cuscapi Berhad ("Cuscapi") (formerly known as Datascan Berhad) and Mr Danny became the group chief executive officer ("CEO") of Cuscapi until 2010. During his time at Cuscapi, together with his team, they managed to turnaround the loss-making business into profit-making one within the first year of management.

After Cuscapi, Mr Danny joined e-pay (M) Sdn Bhd ("e-pay"), a wholly owned subsidiary of EPY Capital Holdings Limited in 2010 as the CEO, bringing in new talents and ideas to position e-pay as the largest mobile prepaid reload and bill payment network provider in Malaysia as well as to spearhead the aggressive and regional growth of the company. With e-pay acquired by GHL Systems Berhad ("GHL") in 2014, Mr Danny assumed the role of CEO of GHL, leading both GHL as well as e-pay where he was tasked to merge the operations of both entities while developing and executing strategies to increase GHL's presence in Malaysia through payment services provided by both businesses.

In June 2015, he assumed the leadership role of GHL's Strategic Planning unit to focus on defining the group's strategy as well as implementing them. He was tasked to turnaround the GHL Thailand business as well as to start up the GHL Indonesia business. Mr Danny was appointed as Group CEO of GHL on 1 December 2016. As Group CEO, he was responsible for overseeing the operations for the entire group, reporting directly to the Vice Executive Chairman and Board of Directors. Mr Danny was tasked to drive the growth of the group to be the largest non-bank payment acceptance acquirer in ASEAN.

During his time as Group CEO, GHL was awarded the prestigious Asia's Corporate Excellence and Sustainability Award as Asia's Best Performing Company as well as The Edge's Billion Ringgit Club Award in 2019.

Having left GHL on 31 December 2020, he is currently focusing on strategic advisory work in the fintech industry.

Mr Danny was awarded the Emerging Entrepreneurs Award for Outstanding & Exemplary Achievements in Entrepreneurship in 2007 and The BrandLeadership Award by The BrandLaureate in 2020.

He does not hold any other directorship in any public companies.

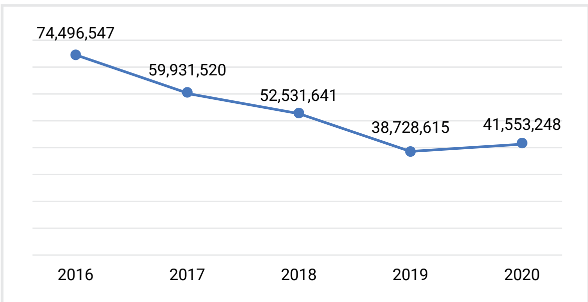
He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences, if any, and has not been imposed any public sanctions nor penalty by the relevant regulatory bodies during the financial year 2020.

There are no attendance records for Mr Danny as he was not on the Board of Directors in the financial year ended 31 December 2020.

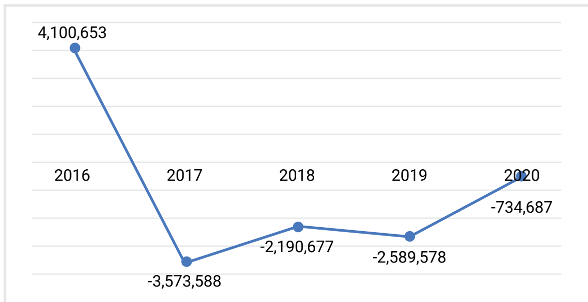
5 YEARS FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
Operating Revenue	74,496,547	59,931,520	52,531,641	38,728,615	**41,553,248**
Operating Profit/(Loss) before Impairment of Goodwill	4,100,653	-3,573,588	-2,190,677	-2,589,578	**-734,687**
Operating Profit/(Loss)	4,100,653	-3,573,588	-2,190,677	-3,058,574	**-4,062,687**
Profit/(Loss) Before Tax	3,208,974	-5,302,309	-3,715,684	-4,456,962	**-5,025,364**
Profit/(Loss) After Tax	337,016	-7,060,076	-4,818,102	-5,241,688	**-6,449,668**
Net Profit/(Loss)Attributable to Equity Holders	112,547	-7,183,660	-3,960,136	-4,661,184	**-6,311,832**
Total Assets	135,160,813	130,274,699	111,334,693	96,037,762	**93,472,213**
Total Liabilities	54,904,211	57,078,173	44,216,032	34,124,183	**31,200,353**
Shareholders Equities	80,441,613	73,257,953	68,225,534	62,416,841	**62,912,918**
Net Assets Per Share (RM)	0.14	0.13	0.12	0.11	**0.10**
Earnings/(Loss) per Share (Sen)	0.02	-1.29	-0.71	-0.84	**-1.03**

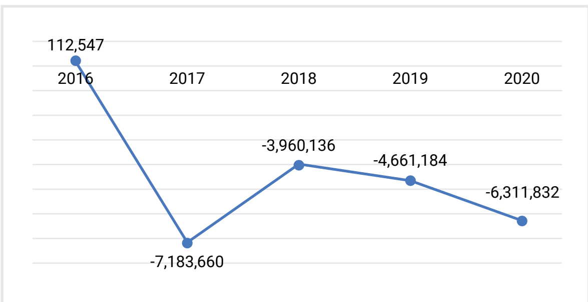
Operating Revenue (RM)



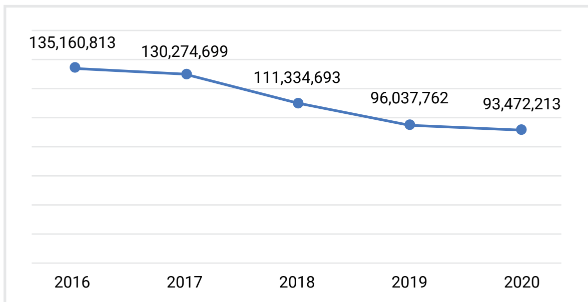
Operating Profit/(Loss) before Impairment of Goodwill (RM)



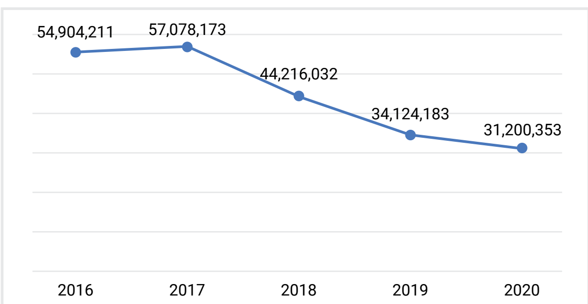
Net Profit/(Loss) Atrributable to Equity Holders (RM)



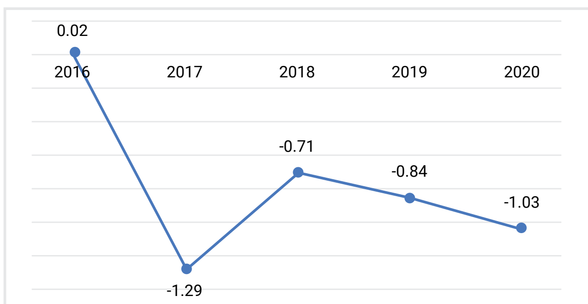
Total Assets (RM)



Total Liabilities (RM)



Earnings/(Loss) per Share (Sen)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present to you the Annual Report and Audited Financial Statements of Privasia Technology Berhad ("the Group") for the financial year ended 31 December 2020 ("FYE2020").

As with many other businesses, FYE 2020 has been a year like no other. We saw an unprecedented global pandemic fostered by the coronavirus disease 2019 ("COVID-19") that has presented significant challenges and brought the global and domestic economic sphere to a plunge and disrupted economies and livelihoods around the world.

In view of the disruptions caused by COVID-19, governments around the world responded to contain this threat and mitigate its effects on the economy through massive pump priming.

FINANCIAL PERFORMANCE

In the financial year under review, the Group reported a higher revenue of RM41.55 million, registering an increase of 7.28% as compared to the preceding year's RM38.73 million and during the year the Operating loss before impairment of goodwill was RM0.73 million as compared to its corresponding year's loss of RM2.59 million. The reduction in the operating loss reflects a positive turnaround in the Group's overall operations and was mainly attributed to the strategies adopted.

The Group's revenue is mainly driven by its Information Technology segment where the contribution is 78.94% of the total revenue followed by Information Communication Technology segment at 15.59% and followed by the Satellite segment at 5.47%.

INDUSTRY PROSPECTS AND ECONOMIC OUTLOOK

The market outlook remains challenging since the start of the COVID-19 pandemic. As the government carries out various measures to curb the spread of the virus, adverse impacts string along, such as the disruptions to supply chain, slowdown in business activities and travel restrictions.

According to the World Bank, Malaysia had a 5.80% contraction in its economy in 2020, however, going forward in 2021, the World Bank is forecasting Malaysia's economy to grow by 6.70% in 2021. This is backed by the roll-out of vaccination programmes, gradual improvement in exports as well as increase in consumption and investment.

It is envisaged that the technology industry will remain robust, driven by positive growth of the global semiconductor industry due to the rollout of 5G networks, ramp-up in production of semiconductor components and equipment, development of sub-sectors such as Internet of Things, artificial intelligence and electric vehicles and Industry 4.0. In addition, the COVID-19 pandemic accelerated the pace for digitalisation, strongly compelling Small and Medium-sized Enterprises ("SMEs") to digitalise in order to survive.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to my fellow board members for their valuable leadership, strategic guidance and sound advice through this unprecedented period. The same goes to our management team and all our employees for their hard work and dedication, contributing towards the Group's well-being.

My heartfelt thanks to our valued shareholders, customers, suppliers, bankers, business associates, government agencies and regulatory authorities. Your continued support and trust in the Group is greatly appreciated.

We look forward to your continuous support and a better financial year in 2021.

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI
Chairman/ Independent Non-Executive Director
12 May 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S OPERATIONS

The FYE 2020, has been very challenging and volatile for the Group due to the continuance of the COVID-19 pandemic. It has caused major disruptions to the Group's overall work/process flows and the delivery mechanism. The Movement Control Order ("MCO") which began in mid-March had disrupted the fluidity of our operations to a very large extent, in which the full blown effects of the impact was clearly reflected in the financial results for the year. The business operations of the Group have been impacted as purchase orders from clients took a dive down in anticipation of the forecasted economic downturn. In order to cushion the negative impact, the Group had taken rapid steps to circumvent the disruption by introducing more stringent cost cutting measures, operational re-structuring, change in leadership by segment and diversifying existing businesses where possible. Besides that the Group also leveraged on existing products, where new products were identified to complement, synergise and serve as a new revenue pillars for the Group.

For financial year ending 2021, we are highly motivated to go beyond in search of new revenue pillars, profitable growth models and Merger & Acquisition. Going beyond often mean leaving the comfort zone and performing existing activities in a new cost effective way, which would be the Group's prime focus. The changes facing the business operations are significant and the internally conventional operating models will need major transformation to keep up with the competition, volatile environment, digital-enabled requirements and lastly to out-last the pandemic. These shifts will interestingly coincide with the country's overall economic backdrop.

STRATEGY - GROUP WIDE

SUSTAINABILITY

1. Cost reduction
2. Continuous process improvement
3. Investment in human capital

GROWTH - ORGANIC

1. Fast track the growth of existing Intellectual Property products and focus on creating new ones
2. Streamline the customers base by focusing on building quality clientele
3. Expanding cooperation with telecommunication services providers
4. Transition from short to longer term and higher margin contracts
5. Focus on building a fixed stream of recurring income

NON ORGANIC

1. Mergers & Acquisitions - besides synergetic objectives, priority is also on companies with Intellectual Property Products

OPERATIONS REVIEW BY SEGMENT

Besides the general moving forward strategy as set out above, just to re-cap from the previous year, where Privasia's plan was to execute its transformation to reemphasize the focus on our core competencies of developing in-house Intellectual Property ("IP") product and at the same time, the Group also intended to streamline other divisions and maintained cost management measures to optimise the operations. The Group's review is as follows:

STRATEGIC FOCUS - INDUSTRY SPECIFIC

ICT	IT	IOT	SAT
Privanet SB *Privatel SB*	*Privasia SB* *Privaports SB* *Finanshere SB*	*Privasia IOT SB* *Strategos Advisory SB*	*Privasat SB* *Mapri SB*

STRATEGIC VERTICALS

a. SUSTAINABILITY

b. GROWTH

- *i. ORGANIC*
- *ii. NON - ORGANIC*

❖ Information Technology ("IT") Segment

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). Additional, this year, we are working on new IP which is a Syariah compliant supply chain financing platform called FinansHere.

The Group continued to fulfil its outsourcing contracts for its clients and has been aggressively marketing ProcureHere over a wider database and digital channels.

ProcureHere currently has 18,000 users, consisting of suppliers and customers across various spheres. The platform has facilitated an average of 550 monthly transactions, with an approximate value of RM6 million. A follow through from last year's strategy where we established strategic alliance with fin-tech players and the collaboration allows the ProcureHere platform to offer financing option to its users by utilising the technology from fin-tech players. This year Privasia incorporated a new subsidiary which is a fin-tech start-up company called Finanshere Sdn Bhd to operate this business model for the supply chain financing. As mentioned the product is Syariah compliant and was launched on the 13th April 2021.

iTAP was developed with the intention of giving small to medium sized general cargo ports the opportunity to be digitalised with a 'Software as a Service' cloud based port operation solution. Where historically the software development cost and the IT capex cost for such an initiative would have prohibited such sized ports from having a system, iTap now is able to fill this gap. Being a fully modular cloud based solution, ports are able to choose only the modules that are suitable to them based on their respective operational model and budget allocation. Now, more than ever, digitalisation and automation are key factors in the shipping industry and we believe the timing of the launch of this solution couldn't be better. We already have 5 terminals in Malaysia using this solution and we believe there are more that will see this as a suitable fit. Although the pandemic makes regional reach more difficult, we still believe that via online platforms, we will be able to reach our regional target market, albeit a little slower.

After commencement in the previous year of the automation of the IOT space and machine learning, where the 1st project was rolled out in the last quarter 2019, we now have a more optimistic order book and with a firm continuity in sight. During this pandemic coupled with volatile environments, most industries are expected to move towards automation and open up the demand for IOT space services. Hence, the expectation is to gain more traction and eventually lead to better prospects in 2021 and beyond.

The division recorded a higher revenue of RM34.72 million in FY2020, compared to RM29.51 million in FY2019 due to the selective acceptance of higher margin contracts. As a result of the higher revenue, the segmental operating profit before tax increased to RM3.39 million from RM2.60 million. But the net profit after tax was lower, at RM1.95 million from RM2.13 million which was due to the tax expenses.

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

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.

We have now scaled down costs and moved away from ad hoc services to longer term contracts, and we now see the effects of having of a much leaner and efficient workforce with a lesser operating cost in total. The cost reduction frees up the cash flow to explore other avenues of business development which Privasia is constantly on the lookout for.

The division recorded a revenue of RM6.49 million, compared to RM7.68 million in FY 2019, as the Group continued to venture into other new and more profitable installation services. As a result, segmental loss after tax reduced to RM1.63 million from RM2.34 million in FY2019.

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

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 continue to streamline its customer base by focusing on building higher quality clientele, as well as implementing cost management measures. Further this year, the focus was to shift the business from the existing sector to the satellite and oil and gas sector. As a result, Privasat successfully re-negotiated 2 large contracts with existing suppliers to improve working relationships.

As a result, FY2020 saw the segment contributed RM2.39 million in revenue compared to RM2.35 million recorded in FY2019. Whilst the segmental loss after tax was at RM2.81 million, a reduction in comparison to the RM4.35 million recorded in FY2019, which was due to the re-structuring of operational processes.

GROUP FINANCIAL REVIEW

Resulting from Privasia's strategic approach, the Group recorded RM41.55 million revenue for FY2020, an increase of 7.28% from RM38.73 million in the previous year. The Group's strategy is to maintain and target higher-margin projects, improve cost management, as well as become main project holder instead of being a subcontractor.

The Group reported an operating loss before impairment of goodwill of RM0.73 million as compared to its corresponding year of RM2.59 million. The reduction in the operating loss reflected on the effectiveness of the strategies adopted by the Group despite the operating limitation caused by the pandemic situation.

Our net loss for FY2020 of RM6.45 million, compared to RM5.24 million in the previous year was mainly due to the impairment of goodwill of RM3.33 million and income tax expense of RM1.42 million.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

The Group's total assets decreased to RM93.47 million as at 31 December 2020, compared to previous year's RM96.04 million. The decrease was mainly due to impairment of goodwill in current financial year.

As at the same date, the Group's deposits, cash and bank balances stood at RM16.23 million, compared to RM6.84 million last year. Loans and borrowings decreased to RM16.69 million, from last year of RM21.57 million as the Group looked to reduce debt levels.

INDUSTRY OUTLOOK

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

E-Commerce Grocery Delivery	Platform Restaurants E-Deliver	Data Cloud Services
E-Commerce the new Norm for shopping	Increase in Sharing Economy & Remote Working Services Adoption	Data & Cloud as a central element to drive innovation

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 have shown great impact to businesses amid turbulent times.

Automation	Content
Website response time	Streaming
Process optimisation	Online education

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.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

Affected Parties

People | **Businesses** | **Government**

Global Shift

Landscapes

Remote Work	Digital First	Consumer Behaviour	Contactless Commerce

New Business Models - Deglobalisation - Government Services

Issues Faced	Strengths Surfaced
Traditional Sectors Unprepared	Increased Collaboration
Service Delivery Challenged	Citizens as change agents

Connectivity and Infrastructure Strained

Moving into 2021, the IT industry is expected to accelerate with strong momentum from digital transformation and cloud migration following the outbreak of COVID-19 pandemic. As the Malaysian economy stabilises, the growth of the IT industry will be driven by modernisation momentum among local enterprises to adapt to the new challenging landscape and the immense potential for industrial growth. The most notable inclination would be the adoption of cloud solutions in the software and services segments that will generate new demand as well as reform existing markets, such as managed services and other outsourcing services.

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

The ICT industry in Malaysia is projected to grow at a compound annual growth rate ("CAGR") of 8.9% between 2019 and 2023, mainly on the back of increasing adoption of digitalisation which includes mobility, cloud computing, data analytics, storage and business process outsourcing. Subsequently, the application of 5G network emerged as a new engine to push digital economy, effectively transforming the ICT industry with unprecedented connectivity and improved spectral efficiency. In addition, the government introduced policies such as 'Industry4WRD' to stimulate higher growth for the ICT industry.

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

The SAT industry is expected to grow progressively due to increasing demand for earth observation services, inflight connectivity as well as maritime and offshore broadband services from various sectors such as oil and gas, civil engineering, agriculture, and others. The satellite communication will also be further enhanced via the integration of advanced technologies such as reconfigurable on-board processors and on-board switching techniques.

GROWTH STRATEGY BY SEGMENT

With a strong focus on implementing the planned strategies, the Group's intention is to mitigate any risk in order to achieve a sustainable growth for the coming year and beyond. In view of the current challenging business environment and future uncertainties caused by the COVID-19 pandemic, we are cautiously optimistic of the financial performance of the Group for the coming financial years. Rest assured that all efforts will be taken to attain greater success this time round.

The Group is aware of the ample opportunities that are present in the Malaysian market as we enter an increasingly digital-based era. We are confident with the resources we have, we will be able to meet the ever-changing demands during these times.

The Group's order book stands at RM45 million which will ensure job continuity. We have an enormous desire to expand in these coming years, and are taking the necessary steps to realise this vision.

For all segments we intend to follow through from the strategies that we had initiated last year and which are still in progress, and to adopt accordingly where changes are required.

❖ Information Technology ("IT") Segment

Fast track growth of IP products in the IT Segment

For our IT segment, 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 research and development towards either creating new in-house IP products, or updating them to meet the ever-changing demands of the IT industry.

Much effort has also been put into our new product, FinansHere which was rolled out in Q1 2021. With the current economic conditions, we believe that this form of supply chain financing will have an immediate demand among SME's.

❖ Information Communications Technology ("ICT") Segment

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. These 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 have and have nots. 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.

This year more efforts are streamlined to expand our range of services to include the fabrication of telecommunication towers. We are actively sourcing for telcos who are willing to partner us in this area and explore opportunities that are available in the market.

❖ Satellite-Based Services ("SAT") Segment

Optimisation and Realignment 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 recognize 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 customers 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.

This year the Group acquired 25% equity interest of an associate company namely Mapri Sdn. Bhd., where Uzma Berhad is the majority shareholder with 70% of equity interest, a listed company on the Main Market of Bursa Malaysia Securities Berhad to explore opportunities in the satellite industry.

The objectives of the company:

a. Spearheading the national aerospace business.
b. Providing satellite infrastructure for remote sensing and monitoring services.
c. Bringing satellite technology to the oil and gas industry.

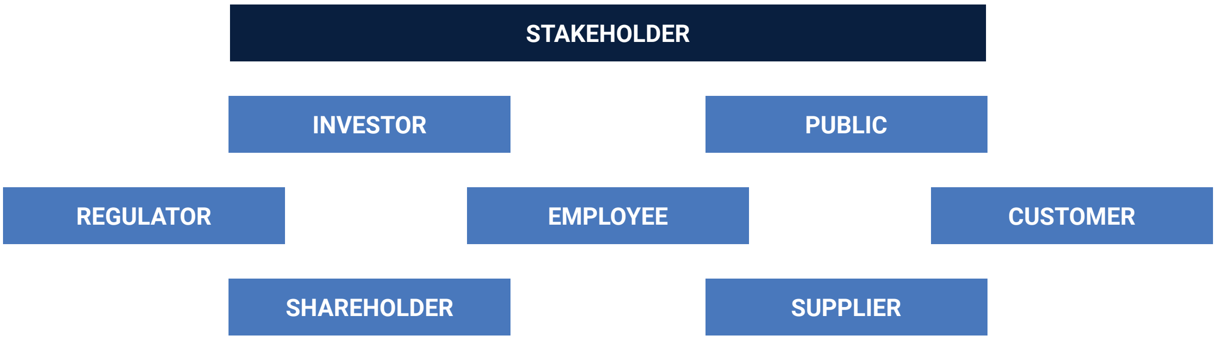
There is high expectation of growth for this segment for the year and beyond.

In conclusion, the emphasis remains to stay sustainable, with every option explored and no stone unturned in order to put us on the path to achieve the operational excellence that is required.

SUSTAINABILITY STATEMENT

INTRODUCTION

In these trying times of the COVID-19 pandemic, the Board remains committed to build a sustainable business by adopting a pragmatic approach which is focused on balancing the varied needs of all key stakeholders. The Group acknowledges the importance of embedding sustainability into its operations in order to fulfil the expectations and requirements of all stakeholders as well as to further provide better understanding on the Group's business approaches in managing environment, economic, 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 the talent besides investing in talent with the believe that 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.

ENVIRONMENTAL

The Group, driven by the new norm and increasing importance in the shift towards digitization, is committed to minimise the potential impact of its operations on the environment at all times by adopting and applying environmentally responsible practices in achieving long term sustainability growth. We have 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.

It has been a practice to not dispose directly old IT equipment such as computer monitors, 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 of using resources in an environmentally friendly manner. We initiated the following actions with the aim to preserve the environment:

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

These initiatives also serve to increase the efficiency of our work processes and that of the overall business.

ECONOMIC

The Group ensures that business is conducted with strict adherence to the principles of transparency, and professionalism, and is committed to maintain a proper framework which affirms that the operations are managed in a proficient manner to better serve the interests and deliver the expectations of the stakeholders.

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to accurate, timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to question 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 the Group's corporate website at www.privasia.com or Bursa Malaysia Securities Berhad's website.

A) Marketplace

Privasia is a technology-based company operating in a very challenging and competitive business environment and despite this COVID-19 pandemic, we yet foresee a sustainable business growth in current and future fiscal years through our innovative and customers-centralized 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 kickbacks, they are encouraged to report such incidents through our established "whistleblowing", to be consistent as per policy channels.

We strongly believe a robust information communication technology infrastructure can boost the nation's economic growth. Therefore, our team of technicians has reached far beyond to elevate and build telecommunication systems and facilities in rural areas across Malaysia.

Ensuring customer satisfaction and loyalty continue to be a priority at Privasia. We are committed to better understand customer perspectives and refine our offerings, not only to meet but far exceed expectations for reliability, efficiency and sustainability. For this purpose, we have established enough dedicated hotlines to cater for customers' enquiries and helpdesk support.

The Group contributes to employment creation directly (i.e. hiring of employees 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 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.

SOCIAL

A) Workplace

i) Employees' Welfare and Well-Being

Privasia recognises the value of its employees and most importantly investing in them. To promote closer working relationships and better understandings among the employees, various social activities were organised such as company annual dinner and monthly birthday celebrations for employees. Various welfare and benefits were also 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. Despite the pandemic, and amidst uncertain business environment, the company maintains committed in giving its highest priority to the employees' well-being.

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 employees are at least 60% higher than the minimum wage rate mandated by the Minimum Wage Order of Malaysia.

COVID-19 Pandemic

During this pandemic, companies had at all times maintained the strict adherence to the Government's SOPs by:

a. Encouraging work from home routines for all employees with the objective of providing all options available in order for them not to travel and at the same time maintain high priority on the expectations of delivery.
b. Office area was constantly disinfected to keep it at the highest hygienic level at all times.
c. To remove all doubts and to ease minds, COVID-19 testing was conducted on all employees at the company's premises.

ii) Health and Safety

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

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. In line with this objective, yearly training budget has been allocated and both in-house and external trainings are continuously provided to upgrade job knowledge and up-skilling our employees. For this reporting financial year ended 31 December 2020, a total of 1,116 hours of professional training programmes were organised, as shown in the table below. Some of the classes were conducted online due to the pandemic.

SOCIAL (CONT'D)

A) Workplace (Cont'd)

iii) Skills Development (Cont'd)

No	Programmes	No. of Attendees	Training Hrs per Person	Total Training Hrs	Training Objectives
1	Sustainability in Business	1	8	8	Develop an understanding on how to increase productivity and employees' engagements.
2	PowerTalk #9: Adequate Procedures : The Director's Response to Individual Liability	1	4	4	Overview of how the changing local legal regime affects not only organisations, but also individual directors of the organisations.
3	Work And Safety At Height Aerial Rigger-Level 1 Refresh	1	8	8	Ensure all workers use fall protection systems at heights of 3 metres/10 feet or greater understand how to identify hazards and prevent falls.
4	Infor Syteline Refresher Training	12	32	384	Basic system navigation, create master data (Chart of Accounts, Customers, Vendors and etc), basic system financial flow.
5	Check Point Security Administration	1	24	24	Security management to new levels, merging security leadership with ease of use into a unified console for a full-spectrum visibility.
6	Supply Chain Knowledge	1	8	8	Deliver a product from raw material to the consumer which includes supply planning, product planning, demand planning, sales and operations planning, and supply management.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL (CONT'D)

A) Workplace (Cont'd)

iii) Skills Development (Cont'd)

No	Programmes	No. of Attendees	Training Hrs per Person	Total Training Hrs	Training Objectives
7	The Art Of Sales	1	8	8	Increase sales and profit, customer numbers, upsells cross sells, enhancing sales processes.
8	In House Tax Training	21	8	168	Basic understanding of the SST 2.0 System and digital service tax in Malaysia.
9	Email Etiquette & Business Writing	18	16	288	Develop a personal action plan to improve their email skills at work.
10	Artificial Intelligence Foundation & Intermediate Training	1	8	8	Expose to use cases and how to classify algorithms help identify AI business applications.
11	Cloud Computing	2	8	16	Host web services, store and backup data, high-performance computing, host and stream media, build search engines.
12	1st Session MCSA (Installation, Storage, and Compute with Windows Server 2016)	1	40	40	Implement and manage Storage Spaces and Data Deduplication, Deploy, configure, and manage Windows and Hyper-V containers.
13	2nd Session MCSA (Networking with Windows Server 2016)	1	40	40	Plan and implement an IPv4 network, implement Dynamic Host Configuration Protocol (DHCP).
14	3rd Session (Identity with Windows Server 2016)	1	40	40	Manage objects in AD DS by using graphical tools and Windows PowerShell.

SOCIAL (CONT'D)

A) Workplace (Cont'd)

iii) Skills Development (Cont'd)

No	Programmes	No. of Attendees	Training Hrs per Person	Total Training Hrs	Training Objectives
15	Architecting on AWS	1	8	8	Make your infrastructure scalable, reliable, and highly available, AWS-based infrastructure more efficient to increase performance and reduce costs.
16	Big Data Analytics	1	8	8	To find meaning in data so that the derived knowledge can be used to make informed decisions.
17	Certified Cyber Security Professional	1	8	8	Develop an understanding of security policies (such as confidentiality, integrity, and availability), as well as protocols to implement such policies.
18	Oracle Database 19c Administration Workshop	1	40	40	Back up, restore and patch DBCS database deployments, describe the DBaaS and on-premises Oracle Database architectures.
19	Data Scientist Master Program	1	8	8	Extract, pre-process and analyse data and to make business grow better.
				1,116	

In addition, our HR Department conducts induction training for all newly hired employees. The training includes awareness and understanding of the importance of Company policies. To further enhance our employees' development, the department heads conduct 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 programmes as required by the ICAEW for our employees who are interested to pursue their career as certified chartered accountant.

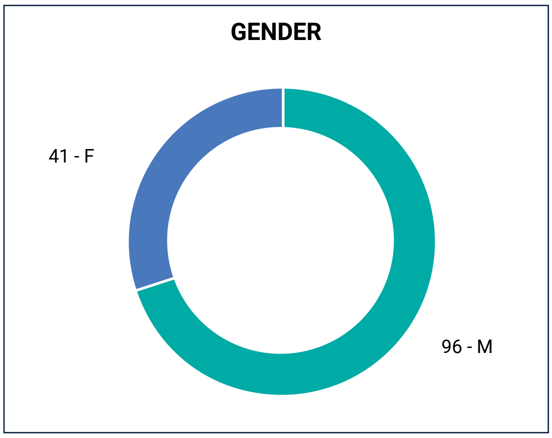
We encourage our employees to be professionally certified in their areas of expertise and we will reimburse the annual membership fees paid by our employees to their respective professional bodies.

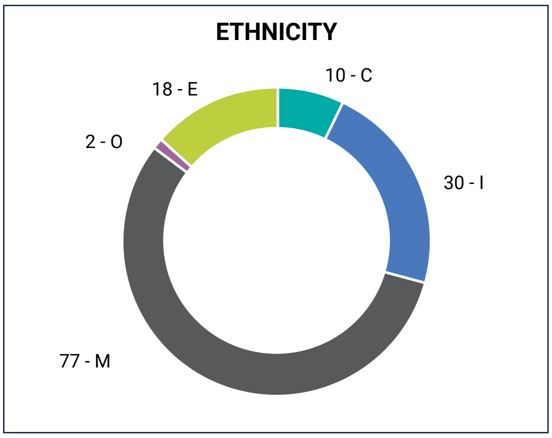
SOCIAL (CONT'D)

A) Workplace (Cont'd)

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 force comprised of 96 (70.1%) male and 41 (29.9%) female. On ethnicity, Malay comprised of 77 (56.2%), Indian 30 (21.9%), Chinese 10 (7.3%), others 2 (1.4%) and expatriates 18 (13.2%) as a whole. We consistently provide opportunities for our employees to develop themselves. This is largely due to the fact that 40.2% of our employees are between the ages of 20 to 30. With succession in mind, we constantly encourage knowledge transfer from the more senior employees, in particular those between the ages of 30 and 40 years, to the younger ones, so that they can eventually take the mantle of leadership within the Company at the appropriate time.

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 semi-annually performance review between superiors and employees. Other than semi-annually performance appraisal, all employees receive evaluation for work performed to promote learning and embrace opportunities for career development through informal/verbal feedback from their 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 HR 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 30% of the managers and senior managers are female, in comparison to 25% in 2019.

Anti-Bribery Act

The Group is committed in conducting its business and servicing its clients and customers with the highest ethical standards and integrity. Accordingly, the Group does not condone and tolerate any form of corruption or bribery which is in contravention of the Malaysian Anti-Corruption Commission Act 2009 or any similar or related laws and regulations internationally.

SOCIAL (CONT'D)

A) Workplace (Cont'd)

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

Anti-Bribery Act (Cont'd)

We are committed to ensure that our management and employees perform their duties with the highest level of professionalism, act fairly and with integrity in all its dealings. We expect all our business associates, contractors, sub-contractors, service providers, suppliers, vendors, consultants, agents and representatives to uphold the highest standard of integrity while performing work or services for or on behalf of the Group.

This policy was implemented on 29 May 2020.

B) Community

i) Sponsorship for Sports Event

Privasia is committed to support 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 emit electronic magnetic frequency that is harmful to humans. Therefore, we ensure our communication facilities and equipment are erected at a safe distance from the local community, and equipment used for our installation are all certified by Standard and Industry Research Institute of Malaysia for safe usage. Access to our facilities is also safeguarded with proper fencing and lock facilities to prevent entries by unauthorised personnel.

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 financial year ended 31 December 2020 ("FYE 2020").

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 FYE 2020 is as follows:

Name	Directorate
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	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	Independent Non-Executive Director *(Resigned on 27 February 2020)*

The Board assumes, among 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 officer ("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 FYE 2020 is as follows:

Audit and Risk Management Committee

Members

Name	Designation	Directorate
Haida Shenny Binti Hazri	Chairman *(re-designated as Chairman on 25 August 2020)*	Independent Non-Executive Director
Dato' Mohamed Sharil Bin Mohamed Tarmizi	Member *(appointed on 2 March 2020)*	Independent Non-Executive Director
Haslinda Bt Hussein	Member	Independent Non-Executive Director
Ronnie Kok Lai Huat	Member *(resigned on 27 February 2020)*	Independent Non-Executive Director

Nomination and Remuneration Committee

Members

Name	Designation	Directorate
Haida Shenny Binti Hazri	Chairman	Independent Non-Executive Director
Dato' Mohamed Sharil Bin Mohamed Tarmizi	Member	Independent Non-Executive Director
Ronnie Kok Lai Huat	Member *(resigned on 27 February 2020)*	Independent Non-Executive Director

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)

Investment Committee

Members

Name	Designation	Directorate
Haslinda Bt Hussein	Chairman	Independent Non-Executive Director
Dato' Mohamed Sharil Bin Mohamed Tarmizi	Member	Independent Non-Executive Director
Haida Shenny Bt Hazri	Member	Independent Non-Executive Director
Puvanesan a/l Subenthiran	Member	Chief Executive Officer/ Managing Director
Andre Anthony a/l Hubert Rene – alternate to Puvanesan a/l Subenthiran	Member	Deputy Chief Executive Officer/ Executive Director

Practice 1.2: Responsibilities of the Chairman

The Chairman of the Board is responsible for leadership of the Board in ensuring the effectiveness of all aspects of the Board's role and responsibilities. The position of the Chairman is helmed by Dato' Mohamed Sharil Bin Mohamed Tarmizi who is an Independent Non-Executive Director.

The Chairman is responsible for:

I. leading the Board in setting the values and standards of the Company;
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;
XII. misconducts; and
XIII. anti-bribery policy.

In line with the new Section 27A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability for corruption which came into force on 1 June 2020, the Board had on 29 May 2020, approved and adopted an Anti-Bribery and Corruption Policy ("ABC Policy") to prevent the occurrence of bribery and corrupt practices within the Group.

The ABC Policy can be accessed through the Company's website at www.privasia.com.

Practice 3.2: Whistleblowing

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

Practice 4.1: Board Composition

The Board had extended its size and composition with the appointment of additional three (3) Independent Non-Executive Directors on 10 May 2021. As a result, the current composition of the Board consists of Eight (8) members comprising two (2) Executive Directors and Six (6) Independent Non-Executive Directors.

The Board is led by Dato' Mohamed Sharil Bin Mohamed Tarmizi, the Independent Non-Executive Director. 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.

The number of Independent Directors is in compliance with the Ace Market Listing Requirements of Bursa Securities which requires the Board to have at least two (2) Independent Directors or 1/3 of the Board of Directors, whichever is higher.

The profile of each Board member is presented under Directors' Profile of this Annual Report.

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

Practice 4.2: Re-election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. 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.

Practice 4.3: Tenure of 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 FYE 2020, 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 three Independent Non-Executive directors and their ability to act in the best interest of the Company.

Practice 4.4: Appointment of Board and Senior Management

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

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

The changes made to the Board composition during the FYE 2020 were as follows:
- Ronnie Kok Lai Huat resigned on 27 February 2020

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

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

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.

Diversity composition of the Board Members during the FYE 2020 are as follows:

	Diversity	Number	%
Directorship	Independent Non-Executive	4	67%
	Executive	2	33%
Gender	Male	4	67%
	Female	2	33%
Age Group	40-50 years	4	67%
	51 years and above	2	33%
Ethnicity	Bumiputera	3	50%
	Indian	2	33%
	Chinese	1	17%

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 ("NRC") may use open advertising or the services of external advisers to facilitate the search.

Practice 4.7 & 6.2: Nomination and Remuneration Committee

The NRC comprises exclusively of Independent Non-Executive Directors.

The Terms of Reference of the NRC is available in the Company's website at www.privasia.com.

The summary of activities undertaken by the NRC during the FYE 2020 included the following:

(i) reviewed the size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company and Group;
(ii) reviewed and assessed the independence of Independent Non-Executive Directors;
(iii) reviewed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
(iv) reviewed and recommended to the Board directors who retiring by rotation to be put forward for re-election; and
(v) reviewed and recommend the payment of Directors' fees and other benefits payable to Directors.

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

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 FYE2020, was satisfied that:

I. The size and composition of the Board and Board Committees are optimum with appropriate mix of knowledge, skills, attributes and core competencies;
II. The Board and Board Committees have been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the operations;
III. All the Directors continue to uphold the highest governance standards in their conduct and that of the Board;
IV. All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
V. The Independent Directors comply with the definition of Independent Directors as stated in the ACE Market Listing Requirements of Bursa Securities, where none of the tenure of an Independent Director exceeds a cumulative of nine (9) 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: Directors' remuneration

The aggregate remuneration of the Directors for the FYE 2020 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	–	1
RM50,001 - RM100,000	–	3
RM650,001 - RM700,000	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 remuneration

The range of remuneration of the top seven (7) senior management's remuneration which includes salary and other emoluments are as follows:

Range of remunerations during the year	Number of senior management
RM50,001 - RM100,000	1
RM100,001 - RM150,000	1
RM150,001 - RM200,000	–
RM200,001 - RM250,000	1
RM250,001 - RM300,000	1
RM300,001 - RM350,000	1
RM600,001 - RM650,000	2

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

The Chairman of Audit and Risk Management Committee is chaired by an Independent Director who is not the Chairman of the Board. During the FYE 2020, there were changes in the Board composition and on 25 August 2020, Ms Haida Shenny Binti Hazri was re-designated back as a Chairman of Audit and Risk Management Committee.

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 Auditors

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 (2) 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.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

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

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

The Audit and Risk Management Committee comprised solely of Independent Non-Executive Directors. The composition of Audit and Risk Management Committee are:

Name	Designation	Directorate
Haida Shenny Binti Hazri	Chairman *(re-designated as Chairman on 25 August 2020)*	Independent Non-Executive Director
Dato' Mohamed Sharil Bin Mohamed Tarmizi	Member *(appointed on 2 March 2020)*	Independent Non-Executive Director
Haslinda Bt Hussein	Member	Independent Non-Executive Director
Ronnie Kok Lai Huat	Member *(resigned on 27 February 2020*	Independent Non-Executive Director

The Audit and Risk Committee currently comprised of members with professional experience in financial, taxation and legal of which one of the member is a member of the Malaysian Institute of Accounts. Having an Audit and Risk Management Committee that is financially literate and independent enables continuous 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 summary of the activities of the Audit and Risk Management Committee during the FYE 2020 are set out under Audit Committee Report in this Annual Report.

Practice 9.1 & 9.2: Risk Management and Internal Control Framework

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

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

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

During the FYE 2020, 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.

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

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 improves 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 adhere 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 report 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 58 to 61.

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.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

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. The Company ensures that sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM.

The notice of AGM contains information such as date, time, venue of the AGM, the shareholders' right to appoint a proxy and details of the resolutions that will be tabled at the AGM. To foster better transparency, 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.

Practice 12.2: Directors' Attendance of Annual General Meeting

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

All Directors were present at the 12th AGM held on 29 July 2020.

Practice 12.3: Leverage of Technology

Amid the evolving COVID-19 outbreak in Malaysia and out of the Company's concern to the well-being and safety of its members, the Company have provided their members with the Remote Participation and Electronic Voting ("RPEV") facilities to enable them to participate and vote remotely at the 12th AGM. This is in line with Clause 104 of the Company's Constitution and is also a proactive measure by the Company to facilitate greater participation by members in its AGM without requiring physical presence of members or their proxies.

By leveraging on the RPEV facilities, members may participate in the AGM by viewing a live webcast of the AGM, asking questions online, and submitting votes in real time, without physically attending the AGM.

ADDITIONAL INFORMATION

MEETING ATTENDANCE

The Board meets on a quarterly basis, with additional meetings convened as and when required. There were eight (8) meetings held during FYE2020 and the attendances are as follows:

Name of Directors	Attendance
Puvanesan a/l Subenthiran	8/8
Andre Anthony a/l Hubert Rene	8/8
Dato' Mohamed Sharil Bin Mohamed Tarmizi	8/8
Haida Shenny Binti Hazri	8/8
Haslinda Bt Hussein	8/8
Ronnie Kok Lai Huat *(Resigned on 27 February 2020)*	2/8

Audit and Risk Management Committee Meeting

Name of Directors	Attendance
Haida Shenny Binti Hazri	5/5
Dato' Mohamed Sharil Bin Mohamed Tarmizi *(appointed on 2 March 2020)*	4/5
Haslinda Bt Hussein	5/5
Ronnie Kok Lai Huat *(Resigned on 27 February 2020)*	1/5

Nomination and Remuneration Committee Meeting

Name of Directors	Attendance
Haida Shenny Binti Hazri	2/2
Dato' Mohamed Sharil Bin Mohamed Tarmizi	2/2

Investment Committee Meeting

Name of Directors	Attendance
Haslinda Bt Hussein	3/3
Dato' Mohamed Sharil Bin Mohamed Tarmizi	3/3
Puvanesan a/l Subenthiran	3/3
Andre Anthony a/l Hubert Rene	3/3
Haida Shenny Binti Hazri	3/3

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 the Group to remain competitive. All Directors have attended the Mandatory Accreditation Programme for Directors of public listed companies.

ADDITIONAL INFORMATION (cont'd)

DIRECTORS' TRAINING (cont'd)

During the financial year ended 31 December 2020, the Directors of the Company attended various forums, programmes, workshops and seminars as shown in the table below:

Name of Directors	Date	Details of Programme/Seminar
Puvanesan a/l Subenthiran	16/04/2020	1. Restructuring Businesses in times of Crisis
	15/05/2020	2. KLBC Dialogue Session with Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance, Malaysia
	20/05/2020	3. Section 17A MACC Act – Corporate Liability (ABC Policy)
	04/08/2020	4. CEO to CEO
	19/11/2020	5. Priorities in the aftermath of COVID-19
Andre Anthony a/l Hubert Rene	29/04/2020	KLBC Dialogue Session with YBhg. Tan Sri Dr. Jemilah Mahmood, Special Advisor on Public Health to YAB Prime Minister 'The New Business Normal'
Dato' Mohamed Sharil Bin Mohamed Tarmizi	03/03/2020	1. Sustainability in Business
	04/03/2020	2. Masterclass: The Board Chair - The First Among Equals
	09/03/2020	3. Powertalk #9-Adequate Procedures: The Director's Response to Individual Liability
	16/04/2020	4. Boston Consulting Group ("BCG") Asia-Pacific Executive Webinar: Navigating COVID-19
	17/04/2020	5. Endeavor Webinar Series: How to survive this crisis? (Malek Ali)
	21/04/2020	6. Keysight Technologies: Key Methods to prevent IOT & Cybersecurity Threats Webinar
	21/04/2020	7. ASEAN Roundtable Series - ASEAN's Response to COVID-19: Medium Term Outlook and Urgent Stimulus Measures for the Business Sector
	04/05/2020	8. Optimising Operations: "Supply" your supply chain with resilience
	12/05/2020	9. Rethinking workforce strategy: What needs to change to safeguard productivity
	12/05/2020	10. KLBC Dialogue Session with Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance, Malaysia
	14/05/2020	11. Reuter's Session: The State of the Automotive Industry and the future post COVID-19
	19/05/2020	12. Resource Planning: Taking care of your people amid challenging business conditions
	28/05/2020	13. Economic Crime: Fraudsters, too, can work from home
	09/06/2020	14. IIC US Webinar on Cybersecurity
	10/06/2020	15. EY Family Office webinar
	11/06/2020	16. Light Reading: Cable Next-Gen Europe Digital Symposium

ADDITIONAL INFORMATION (cont'd)

DIRECTORS' TRAINING (cont'd)

During the financial year ended 31 December 2020, the Directors of the Company attended various forums, programmes, workshops and seminars as shown in the table below: (cont'd)

Name of Directors	Date	Details of Programme/Seminar
	26/06/2020	17. UNESCO & ComSat Session on COVID-19
	30/06/2020	18. UNESCO: Digital Tech in Post-COVID World
	08/07/2020	19. IIC Session: COVID-19: Perspective from Telecoms Regulators, Malaysia & Singapore
	21/07/2020	20. Speaker on Cybersecurity to Regional Practise Group by ZicoLaw
	16/10/2020	21. Tech M&A Monthly: Top 5 Benefits of Going to Market Now that you don't know
	17/10/2020	22. Speaker: YPO Jakarta: Child Online Protection
	20-23/10/2020	23. MaGIC E-Nation Conference 2020
	30/10/2020	24. Top in Tech: Attention Talent… Reboot or Get the Boot
	25/11/2020	25. Developing Telecoms: Making 5G sustainable
	26/11/2020	26. SC:ESG Shariah Compliant Screening for Securities
	07-10/12/2020	27. Refresh the agenda: Power talk global series
	10/12/2020	28. Mobile World Live: 5G Taiwan
	18/12/2020	29. UNICT4D: Education for the most marginalized post COVID-19
Haida Shenny Binti Hazri	10/02/2020	1. The Middle East job market in 2020
	09/04/2020	2. Surviving past survival mode: learning from successful turnarounds and what new this crisis may bring
	14/04/2020	3. Taking advantage of the coronavirus disruption to reinvent your career
	21/04/2020	4. The upside of pestilence: how the virus will humanise our organisations
	20/05/2020	5. Section 17A MACC Act – Corporate Liability (ABC Policy)
	18-19/11/2020	6. SIDC Business Foresight Forum 2020
	26/11/2020	7. ESG Screening for Shariah Compliant Securities: Industry Briefing
	26/11/2020	8. PNB Knowledge Sharing Initiatives Forum 2020
Haslinda Bt Hussein	03/03/2020	1. Importance of Culture Reporting
	20/05/2020	2. Section 17A MACC Act – Corporate Liability (ABC Policy)
	02/09/2020	3. Emerging MFRS/MPERS Considerations of the COVID-19 Pandemic
	18/11/2020	4. Fraud Risk Management Workshop
	03/12/2020	5. 2021 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 FYE2020.

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 32 out of the total 36 practices which includes 2 out of the total 3 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 seven (7) 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.

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 FYE2020.

This Statement of Corporate Governance is made in accordance with the resolution of the Board of Directors dated 12 May 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") is pleased to present its Report for the financial year ended 31 December 2020 ("FYE 2020") which provides insights to the manner in which the ARMC had discharged its functions, in compliance with Rule 15.15(1) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance ("MCCG").

A. COMPOSITION

The ARMC comprises of three (3) members, all of whom are independent non-executive directors. This complies with Rule 15.09(1)(a) and (b) of the AMLR of Bursa Securities and Practice 8.4 under Principle B of the MCCG.

Members of the ARMC during the FYE 2020 are as follows:

Name	Designation	Directorship
Haida Shenny Binti Hazri	Chairman	Independent Non-Executive Director
Haslinda Bt Hussein	Member	Independent Non-Executive Director
Dato' Mohamed Sharil Bin Mohamed Tarmizi *(Appointed on 2 March 2020)*	Member	Independent Non-Executive Director
Ronnie Kok Lai Huat *(Resigned on 27 February 2020)*	Member	Independent Non-Executive Director

One member of the ARMC, Pn Haslinda Bt Hussein is a Chartered Accountant with the Chartered Accountants Australia and New Zealand ("CA ANZ") and a member of the Malaysian Institute of Accountants ("MIA"). The ARMC, therefore, meets the requirements of Rule 15.09(1)(c) of the AMLR of Bursa Securities which stipulates that at least one (1) member of the ARMC must be a qualified accountant.

B. MEETINGS

For the FYE 2020, a total of five (5) meetings were held and the details of attendances are as set out below:

Name of directors	Attendance
Haida Shenny Binti Hazri	5/5
Haslinda Bt Hussein	5/5
Dato' Mohamed Sharil Bin Mohamed Tarmizi *(Appointed on 2 March 2020)*	4/5
Ronnie Kok Lai Huat *(Resigned on 27 February 2020)*	1/5

During FYE 2020, the role of Chairman for the ARMC was reshuffled among its members upon the resignation of the former Chairman, Mr Ronnie Kok Lai Huat. On 25 August 2020, Pn Haida was re-designated as Chairman of the ARMC.

The Chairman of the ARMC reports to the Board on principal matters deliberated at the ARMC meetings. Minutes of each ARMC meeting were recorded by the company secretaries and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

In addition, the Group Chief Executive Officer, the Executive Director, the Group Chief Financial Officer, key management, external auditors and outsourced internal auditors also attended the meetings when invited by the ARMC to provide and present reports or information during the deliberation of matters pertaining to their respective areas, in the meetings. The ARMC also had meetings with the external auditors without the presence of Management where they are given the opportunity to raise any concerns or professional opinions and thus, to be able to exert its functions independently.

C. TERMS OF REFERENCE

The Terms of Reference ("TOR") of the ARMC is available for reference under the ("Corporate Governance") section of the Company's website at www.privasia.com.

D. SUMMARY OF ACTIVITIES

The following activities were carried out by the ARMC during the FYE 2020:

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 responses, including the status of previous audit recommendations;
ix) Considered and recommended the appointment of internal and external auditors for the Board's approval;
x) Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control;
xi) Ensured outsourced internal audit function has adequate resources, consisting of people who are adequately skilled;
xii) Reviewed the Anti-Bribery and Corruption Policy; and
xiii) Review any related party transaction and conflict of interest situation that may arise within the Company and the Group.

E. 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 ARMC 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 ARMC and recommendations made are acted upon.

During FYE 2020, the internal audits carried out an audit review with the following activities:

1. Scope of Internal Audit Review - Business Processes covered under the Review
    a. Terminal Operating System - Software Troubleshooting and Updates Management
    b. ProcureHere System - Software Troubleshooting and Updates Management
    c. Privatel Sdn. Bhd. - Project Management
2. Presentation of Overall Control Assessment Rating
3. Presented Summary of Internal Audit Observation
4. Presented Summary of Internal Audit Findings
5. Presented Summary on Review of Compliance

E. INTERNAL AUDIT FUNCTION (cont'd)

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on page 58 to 61.

The total costs incurred for the internal audit function of the Company for the FYE 2020 was RM36,000.

This report was made in accordance with a resolution of the Board passed on 12 May 2021.

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 2020. 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

INTERNAL CONTROL

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

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

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

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

- Established organisational 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.
- The Group has adopted an Anti-Bribery and Corruption Policy which describes the Group's commitment to ensure zero-tolerance against any forms of bribery and corruption, in order to maintain the highest standard of integrity, transparency and accountability in the business operations.

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 3 times 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.

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 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

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 12 May 2021.

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

On 9 September 2020, the Company announced to undertake a private placement of up to 55,820,000 new ordinary shares, representing 10% of the total number of issued shares of the Company.

The private placement was completed on 2 December 2020 following the listing and the quotation of the following:

- On 27 November 2020, the first tranche of the private placement had been completed following the listing and quotation for the 27,910,000 placement shares at an issue price of RM0.123 each, which raised RM3,432,930 in the ACE Market of Bursa Malaysia Securities Berhad.
- On 2 December 2020, the second tranche of the private placement had been completed following the listing and quotation of another 27,910,000 placement shares at an issue price of RM0.121 each, which raised RM3,377,110 in the ACE Market of Bursa Malaysia Securities Berhad.

Details of utilisation of the proceeds during the financial year ended 31 December 2020 are as follows:

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Remaining Amount (RM'000)	Expected utilisation time frame (RM'000)
Bank borrowings	3,123	1,000	2,123	Within 6 months
Working capital	3,577	1,388	2,189	Within 12 months
Estimated expenses	110	103	7	Within 3 months
Total	**6,810**	**2,491**	**4,319**	

2) OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The approval of the shareholders for the employees' share option scheme ("ESOS") of up to ten (10) percent of the issued and paid-up share capital of the Company 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) AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for the services rendered to the Company and the Group by the external auditors during the financial year under review are as follows:

Type of fees	The Company (RM'000)	The Group (RM'000)
Audit fee	48,000	177,211
Non-Audit fee	64,600	64,600

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

4) MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the financial year ended 31 December 2020 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 24 of 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 2020.

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	(6,449,668)	(28,297,665)
Attributable to:		
Owners of the Company	(6,311,832)	(28,297,665)
Non-controlling interests	(137,836)	–
	(6,449,668)	(28,297,665)

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 2020.

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, the Company issued 27,910,000 new ordinary shares at a price of RM0.123 per ordinary share for a total cash consideration of RM3,432,930 via first tranche of private placement. Subsequently, at second tranche of private placement, the Company issued 27,910,000 new ordinary shares at a price of RM0.121 per ordinary share for a total cash consideration of RM3,377,110.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

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	
Dato' Azman Bin Mahmud	(Appointed on 10 May 2021)
Leong Kah Chern	(Appointed on 10 May 2021)
Rachel Lau Jean Mei	(Appointed on 10 May 2021)

* 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	
Datin Safira binti Mohd Arif	
Richard Lee Teck Soon	
Sulaiha Binti Sawadi	
Thiagarajan A/L Tinakarun	
Rofina Ngau Tingang	
Feroz Ahmed Ahanger	
Cecilia Cham Hui Kung	(Resigned on 12 June 2020)

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 2020	Bought	Sold	At 31 December 2020
Direct interests:					
Puvanesan A/L Subenthiran		16,609,200	–	–	16,609,200
Andre Anthony A/L Hubert Rene		10,174,700	–	–	10,174,700
Dato' Mohamed Sharil Bin Mohamed Tarmizi		7,018,400	3,181,600	–	10,200,000
Haida Shenny Binti Hazri		–	708,000	–	708,000
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.

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.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

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 RM7,641 respectively.

SUBSIDIARIES

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

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year is disclosed in Note 30 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 31 to the financial statements.

AUDITORS

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

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

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

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: 12 May 2021

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	19,629,626	26,360,712	2,378	3,961
Investment property	6	2,167,553	2,194,149	–	–
Goodwill and other intangible assets	7	39,268,610	42,423,991	–	–
Investment in subsidiaries	8	–	–	42,888,027	64,945,383
Investment in associates	9	68,750	–	–	–
Deferred tax assets	10	300,000	300,000	–	–
Total non-current assets		61,434,539	71,278,852	42,890,405	64,949,344
Current assets					
Inventories	11	469,350	1,076,737	–	–
Current tax assets		185,910	172,188	–	–
Trade and other receivables	12	10,228,652	11,974,890	9,786,263	10,337,195
Contract assets	13	4,920,396	4,697,862	–	–
Deposits, cash and bank balances	14	16,233,366	6,837,233	1,381,006	15,059
Total current assets		32,037,674	24,758,910	11,167,269	10,352,254
TOTAL ASSETS		93,472,213	96,037,762	54,057,674	75,301,598

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2020
(cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	62,630,042	55,820,002	62,630,042	55,820,002
Exchange reserve		(10,352)	(8,221)	–	–
Retained earnings		293,228	6,605,060	(42,267,226)	(13,969,561)
		62,912,918	62,416,841	20,362,816	41,850,441
Non-controlling interests		(641,058)	(503,262)	–	–
TOTAL EQUITY		62,271,860	61,913,579	20,362,816	41,850,441
Liabilities					
Non-current liabilities					
Loans and borrowings	16	8,626,937	10,975,658	–	–
Deferred tax liabilities	10	1,103,928	1,042,220	–	–
Total non-current liabilities		9,730,865	12,017,878	–	–
Current liabilities					
Loans and borrowings	16	8,067,082	10,593,995	–	–
Trade and other payables	17	12,422,794	10,506,998	33,694,858	33,451,157
Contract liabilities	13	556,302	851,571	–	–
Current tax liabilities		423,310	153,741	–	–
Total current liabilities		21,469,488	22,106,305	33,694,858	33,451,157
TOTAL LIABILITIES		31,200,353	34,124,183	33,694,858	33,451,157
TOTAL EQUITY AND LIABILITIES		93,472,213	96,037,762	54,057,674	75,301,598

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	18	41,553,248	38,728,615	6,056,827	3,651,988
Cost of sales		(30,003,434)	(27,838,382)	–	–
Gross profit		11,549,814	10,890,233	6,056,827	3,651,988
Other income		429,158	582,574	4,827	–
Other expenses		(14,038,060)	(15,109,434)	(4,660,298)	(4,174,951)
Net impairment losses on financial instruments		1,324,401	1,047,049	(29,699,021)	(21,927,767)
Operating loss before impairment of goodwill		(734,687)	(2,589,578)	(28,297,665)	(22,450,730)
Impairment of goodwill		(3,328,000)	(468,996)	–	–
Operating loss after impairment of goodwill		(4,062,687)	(3,058,574)	(28,297,665)	(22,450,730)
Finance costs		(962,677)	(1,398,388)	–	–
Loss before tax	19	(5,025,364)	(4,456,962)	(28,297,665)	(22,450,730)
Income tax expense	21	(1,424,304)	(784,726)	–	–
Loss for the financial year		(6,449,668)	(5,241,688)	(28,297,665)	(22,450,730)
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(2,131)	(3,373)	–	–
Other comprehensive loss for the financial year		(2,131)	(3,373)	–	–
Total comprehensive loss for the financial year		(6,451,799)	(5,245,061)	(28,297,665)	(22,450,730)

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020 (cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Loss attributable to:					
- Owners of the Company		(6,311,832)	(4,661,184)	(28,297,665)	(22,450,730)
- Non-controlling interests		(137,836)	(580,504)	–	–
		(6,449,668)	(5,241,688)	(28,297,665)	(22,450,730)
Total comprehensive loss attributable to:					
- Owners of the Company		(6,313,963)	(4,664,557)	(28,297,665)	(22,450,730)
- Non-controlling interests		(137,836)	(580,504)	–	–
		(6,451,799)	(5,245,061)	(28,297,665)	(22,450,730)
Loss per share attributable to owners of the Company (sen):					
- Basic and diluted	22	(1.03)	(0.84)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

		← Attributable to owners of the Company →					
	Note	**Share Capital RM**	**Exchange Reserve RM**	**Retained Earnings RM**	**Sub-Total RM**	**Non-controlling Interests RM**	**Total Equity RM**
Group							
At 1 January 2020		55,820,002	(8,221)	6,605,060	62,416,841	(503,262)	61,913,579
Total comprehensive loss for the financial year							
Loss for the financial year		–	–	(6,311,832)	(6,311,832)	(137,836)	(6,449,668)
Other comprehensive loss for the financial year		–	(2,131)	–	(2,131)	–	(2,131)
Total comprehensive loss		–	(2,131)	(6,311,832)	(6,313,963)	(137,836)	(6,451,799)
Transactions with owners							
Issue of ordinary shares	15	6,810,040	–	–	6,810,040	–	6,810,040
Non-controlling interests arising from acquisition of a new subsidiary		–	–	–	–	40	40
Total transactions with owners		6,810,040	–	–	6,810,040	40	6,810,080
At 31 December 2020		62,630,042	(10,352)	293,228	62,912,918	(641,058)	62,271,860
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 a subsidiary		–	–	(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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020
(cont'd)

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
Company				
At 1 January 2019		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
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss		–	(28,297,665)	(28,297,665)
Transaction with owners				
Issue of ordinary shares	15	6,810,040	–	6,810,040
At 31 December 2020		62,630,042	(42,267,226)	20,362,816

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from operating activities					
Loss before tax		(5,025,364)	(4,456,962)	(28,297,665)	(22,450,730)
Adjustments for:					
Amortisation of intangible assets		659,683	874,825	–	–
Bad debts written off		1,148,439	546,915	–	–
Deposit written off		–	82,900	–	–
Depreciation of investment property		26,596	26,596	–	–
Depreciation of property, plant and equipment		7,208,655	7,298,574	1,583	791
Gain on disposal of property, plant and equipment		(1,814)	(49,938)	–	–
Impairment loss on:					
- trade receivables		58,017	272,193	–	–
- amount owing by subsidiaries (trade)		–	–	45,235	–
- amount owing by subsidiaries (non-trade)		–	–	596,984	–
- amount owing by an associate (non-trade)		49,802	–	–	–
- goodwill		3,328,000	468,996	–	–
- investment in subsidiaries		–	–	15,150,000	3,613,179
- quasi loan		–	–	13,997,194	18,314,588
Intangible assets written off		3,573	–	–	–
Interest expense		962,677	1,398,388	–	–
Interest income		(181,448)	(219,485)	(4,827)	–
Inventories written down		–	84,396	–	–
Inventories written off		2,457	216	–	–
Property, plant and equipment written off		33,881	72,340	–	–
Reversal of impairment loss					
- trade receivables		(1,432,220)	(1,319,242)	–	–
- other receivables		–	–	(90,392)	–
Reversal of inventories written down		(1,350)	–	–	–
Unrealised (gain)/loss on foreign exchange		(11,588)	43,998	–	–
Operating profit/(loss) before changes in working capital, carried forward		6,827,996	5,124,710	1,398,112	(522,172)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020 (cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before changes in working capital, brought forward		6,827,996	5,124,710	1,398,112	(522,172)
Changes in working capital:					
Inventories		606,280	159,553	–	–
Receivables		1,922,200	9,844,441	(2,758,211)	(2,639,678)
Contract assets		(222,534)	178,278	–	–
Payables		1,858,634	(3,319,587)	(102,373)	(54,345)
Contract liabilities		(295,269)	851,571	–	–
Net cash generated from/ (used in) operations		10,967,307	12,838,966	(1,462,472)	(3,216,195)
Interest paid		(962,677)	(1,398,388)	–	–
Interest received		181,448	219,485	4,827	–
Income tax refunded		–	1,124,035	–	–
Income tax paid		(1,106,749)	(1,099,965)	–	–
Net cash from/(used in) operating activities		8,809,329	11,684,133	(1,457,645)	(3,216,195)
Cash flows from investing activities					
Investment in a subsidiary		–	–	(300,060)	(79,419)
Acquisition of interest in subsidiaries, net of cash	8	40	39,979	–	–
Acquisition of an associate, net of cash	9	(68,750)	–	–	–
Proceeds from disposal of property, plant and equipment		2,521	644,936	–	–
Addition of intangible assets		(835,875)	(2,048,476)	–	–
Purchase of property, plant and equipment		(512,153)	(4,087,881)	–	(4,752)
Repayments from subsidiaries		–	–	(4,032,462)	(4,239,095)
Net cash used in investing activities		(1,414,217)	(5,451,442)	(4,332,522)	(4,323,266)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020 (cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from financing activities					
Withdrawal/(Placement) of pledged deposits		2,057,542	(1,084,857)	–	–
Placement of deposits with licensed banks		(3,845)	(142,178)	–	–
Proceeds from issuance of shares		6,810,040	–	6,810,040	–
Proceeds/(Repayments) of trade facilities		519,982	(2,707,245)	–	–
Proceeds from term loans		502,533	2,302,603	–	–
Repayments of lease liabilities		(1,990,862)	(2,062,722)	–	–
Repayments of term loans		(2,181,243)	(4,611,269)	–	–
Advances from an associate		68,750	–	–	–
Advances from subsidiaries		–	–	346,074	7,507,003
Net cash from/(used in) financing activities		5,782,897	(8,305,668)	7,156,114	7,507,003
Net increase/(decrease) in cash and cash equivalents		13,178,009	(2,072,977)	1,365,947	(32,458)
Cash and cash equivalents at the beginning of the financial year		(2,211,001)	(134,648)	15,059	47,517
Exchange rate adjustment		(2,135)	(3,376)	–	–
Cash and cash equivalents at the end of the financial year	14	10,964,873	(2,211,001)	1,381,006	15,059

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020
(cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2020 RM	Cash flows RM	31 December 2020 RM
Group			
Trade facilities	887,942	519,982	1,407,924
Term loans	13,994,506	(1,678,710)	12,315,796
Lease liabilities	3,136,694	(1,990,862)	1,145,832
Amounts owing to an associate	–	68,750	68,750
	18,019,142	(3,080,840)	14,938,302
Company			
Amounts owing to subsidiaries	33,220,437	346,074	33,566,511

	1 January 2019 RM	Effect adoption of MFRS 16 RM	1 January 2019 (Adjusted) RM	Cash flows RM	31 December 2019 RM
Group					
Trade facilities	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	7,507,003	33,220,437

The accompanying notes form an integral part of these 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 12 May 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

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

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 3 Business Combinations

The Group has adopted the amendments to MFRS 3 for the first time in the current year. 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.

Amendments to MFRS 3 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. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

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 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2023

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)

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: (cont'd)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (cont'd)</u>		
MFRS 116	Property, Plant and Equipment	1 January 2022/ 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 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ The Annual Improvements to MFRS Standards 2018-2020
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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 that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018-2020

Annual Improvements to MFRS Standards 2018-2020 covers amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

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 that may be applicable to the Group and the Company are summarised below. (cont'd)

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

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 associates or joint ventures.

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 *Interest Rate Benchmark Reform—Phase 2* amends some specific requirements in MFRS 9, MFRS 139 and MFRS 7, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provides a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

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. 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 that may be applicable to the Group and the Company are summarised below. (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements (cont'd)

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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.

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 associates 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.

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

3.1 Basis of consolidation (cont'd)

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

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

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

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

3.1 Basis of consolidation (cont'd)

(c) Associates (cont'd)

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

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

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

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

(d) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates 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 3.12(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 *Revenue from Contracts with Customers*.

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.

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)

Debt instruments

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 3.12(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

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.

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

3.4 Financial instruments (cont'd)

(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).

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.

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

3.4 Financial instruments (cont'd)

(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.

3.5 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 3.12(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 3.17.

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

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

3.5 Property, plant and equipment (cont'd)

(c) Depreciation (cont'd)

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

(d) Derecognition

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

3.6 Leases

(a) Definition of lease

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.

(b) Lessee accounting

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 16.

<u>Right-of-use asset</u>

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 3.12(b).

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

3.6 Leases (cont'd)

(b) Lessee accounting (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)

(c) Lessor accounting

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 sublease 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.

3.7 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 3.12(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 3.17.

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.

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

3.7 Investment properties (cont'd)

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

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial 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 3.12(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 3.12(b).

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

3.8 Goodwill and other intangible assets (cont'd)

(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 3.12(b).

3.9 Inventories

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

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

- finished goods: 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 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

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

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are 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 contract assets, 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.

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.

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

3.12 Impairment of assets (cont'd)

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

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.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets 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.

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

3.12 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

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.

3.13 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)

3.14 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 leave 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.

3.15 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.

3.16 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)

3.16 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.

3.17 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.

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

3.17 Borrowing costs (cont'd)

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

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

3.18 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.

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

3.18 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

(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.

3.19 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.

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

3.21 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

3.22 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

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(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 intangible assets

The Group determines whether intangible assets, not yet available for use, is impaired, at least on an annual basis. Development costs have finite useful lives and are assessed for impairment whenever there is an indication of impairment.

This requires an estimation of the value-in-use of the assets. Estimating a value-in- use amount requires management to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

The carrying amounts of the Group's intangible assets are disclosed in Note 7.

(c) 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(d) Impairment of non-financial assets

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

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

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Computer equipment RM	Telecom-munication and other equipment RM	Renovation RM	Other assets RM	Right-of-use assets RM	Total RM
Group							
Cost							
At 1 January 2020	12,000,000	43,333,663	18,699,458	793,508	279,185	9,079,037	84,184,851
Additions	–	428,241	79,090	–	4,822	–	512,153
Disposals	–	(103,787)	(550)	–	–	–	(104,337)
Written off	–	(215,653)	(27,625)	–	(200)	–	(243,478)
Exchange difference	–	–	6	–	–	–	6
At 31 December 2020	12,000,000	43,442,464	18,750,379	793,508	283,807	9,079,037	84,349,195
Accumulated depreciation							
At 1 January 2020	1,468,086	35,719,915	14,079,686	738,846	273,466	5,544,140	57,824,139
Charge for the financial year	127,660	2,986,556	2,156,833	28,703	4,559	1,904,344	7,208,655
Disposals	–	(103,175)	(455)	–	–	–	(103,630)
Written off	–	(183,372)	(26,026)	–	(199)	–	(209,597)
Exchange difference	–	–	2	–	–	–	2
At 31 December 2020	1,595,746	38,419,924	16,210,040	767,549	277,826	7,448,484	64,719,569
Carrying amount							
At 31 December 2020	10,404,254	5,022,540	2,540,339	25,959	5,981	1,630,553	19,629,626

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	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
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)

	Computer equipment RM
Company	
Cost	
At 1 January 2020/31 December 2020	4,752
Accumulated depreciation	
At 1 January 2020	791
Charge for the financial year	1,583
At 31 December 2020	2,374
Carrying amount	
At 31 December 2020	2,378
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
Carrying amount	
At 31 December 2019	3,961

(a) Assets pledged as security

Buildings of the Group with carrying amount of RM10,404,254 (2019: RM10,531,914) have been pledged as security to secure the term loans granted to a subsidiary as disclosed in Note 16.

The disposal of the property, plant and equipment with net book value of RM592,982 was in discharging process of the financing bank in the previous financial year.

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

(b) 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:

	Group			
	Buildings RM	Computer equipment RM	Motor vehicle RM	Total RM
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
Depreciation	(188,193)	(1,708,091)	(8,060)	(1,904,344)
At 31 December 2020	137,187	1,482,617	10,749	1,630,553

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 leases computer equipment and motor vehicle with lease term between 1 to 4 years.

6. INVESTMENT PROPERTY

	Group	
	2020 RM	2019 RM
At cost		
At 1 January/31 December	2,500,000	2,500,000
Accumulated depreciation		
At 1 January	305,851	279,255
Charge for the financial year	26,596	26,596
At 31 December	332,447	305,851
Carrying amount		
At 31 December	2,167,553	2,194,149

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

The investment property of the Group with carrying amount of RM2,167,553 (2019: RM2,194,149) has been pledged as security for term loans as disclosed in Note 16.

6. INVESTMENT PROPERTY (cont'd)

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

	Group	
	2020	**2019**
	RM	**RM**
Rental income	64,728	194,184
Direct operating expenses	(37,883)	(37,617)

Fair value of investment property is categorised as follows:

	Group
	Level 2
	RM
31.12.2020	
Leasehold buildings	1,980,000
31.12.2019	
Leasehold buildings	2,111,000

(a) Fair value information

The fair value of investment property as at 31 December 2020 and 31 December 2019 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.

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 2020 and 31 December 2019. 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 2019	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
Additions				
- developed internally	–	789,915	–	789,915
- acquired separately	–	–	45,960	45,960
- Reclassification	–	(1,146,811)	1,146,811	–
	–	(356,896)	1,192,771	835,875
Written off	–	(10,716)	–	(10,716)
At 31 December 2020	36,005,230	14,482,370	6,252,071	56,739,671
Accumulated amortisation and impairment loss				
At 1 January 2019	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
Charge for the financial year	–	352,304	307,379	659,683
Impairment loss	3,328,000	–	–	3,328,000
Written off	–	(7,143)	–	(7,143)
At 31 December 2020	4,116,996	8,518,411	4,835,654	17,471,061
Carrying amounts				
At 31 December 2019	35,216,234	6,676,732	531,025	42,423,991
At 31 December 2020	31,888,234	5,963,959	1,416,417	39,268,610

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

(a) Amortisation

The amortisation of development costs of the Group amounting to RM352,304 (2019: RM322,821) are included in cost of sales. The amortisation of computer software of the Group amounting to RM196,067 and RM111,312 (2019: RM446,749 and RM105,255) 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) 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.

The carrying amounts of goodwill arising from business combination has been allocated to the Group's CGUs identified according to the following segments for impairment testing are as follows:

	Group	
	2020 **RM**	**2019** **RM**
Group		
Cash-generating unit		
Information Technology ("IT") - CGU 1	31,189,056	31,189,056
Information and Communication Technology ("ICT") - CGU 2	699,178	4,027,178
	31,888,234	35,216,234

The recoverable amounts of CGUs have 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) 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:

CGU 1	2020	2019
Revenue (% of annual growth rate)	5% - 44%	5%
Operating expenses (% of annual growth rate)	3%	5%
Gross margin (% of revenue)	35% - 39%	39%
Discount rate	18%	16%

CGU 2	2020	2019
Revenue (% of annual growth rate)	3% - 182%	5%
Operating expenses (% of annual growth rate)	3%	5%
Gross margin (% of revenue)	22% - 26%	26%
Discount rate	18%	18%

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.

CGU 1

In current financial year, the estimated recoverable amount of the CGU 1 significantly exceeds the carrying amount of the CGU 1. As a result of the analysis, management did not identify an impairment for this CGU. Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts.

CGU 2

The recoverable amount of the CGU 2 was based on its value in use, determining by discounting future cash flows to be generated by the ICT segment. The carrying amount of the unit amounting to RM4,320,000 was determined to be higher than its recoverable amount of RM992,000 and an impairment loss of RM3,328,000 (2019: RM Nil) was recognised. The impairment loss was allocated fully to goodwill and is recorded in the statement of comprehensive income of the Group.

8. INVESTMENT IN SUBSIDIARIES

	Note	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost		61,563,180	59,903,261
Add: Addition during the financial year		300,060	1,659,919
Less: Impairment loss	(a)	(19,113,179)	(3,963,179)
		42,750,061	57,600,001
Loans that are part of net investments	(b)	32,514,023	25,724,245
Less: Impairment loss	(b)	(32,376,057)	(18,378,863)
		137,966	7,345,382
At end of the financial year		42,888,027	64,945,383

(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 2020 RM	Company 2019 RM
At the beginning of the financial year	3,963,179	350,000
Charge for the financial year - Impairment loss	15,150,000	3,613,179
At the end of the financial year	19,113,179	3,963,179

(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 2020 RM	Company 2019 RM
At the beginning of the financial year	18,378,863	–
Charge for the financial year - Impairment loss	13,997,194	18,378,863
At the end of the financial year	32,376,057	18,378,863

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Details of the subsidiaries are as follows:

Name of Company	Ownership interest 2020 %	Ownership interest 2019 %	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)
Spring Reach Distribution Sdn. Bhd.	70	70	Trading of electronic and telecommunication equipment
Privaports Sdn. Bhd.	100	100	Development, promotion and operation of general cargo terminal operating system for general cargo terminals
Privarail Sdn. Bhd.	80	80	Provision of the railway system, engineering and related services, and information technology and communication services
Finanshere Sdn. Bhd.	60	–	Provision of digital procurement integrated with Shariah compliant supply chain finance collaboration solution
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

8. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Ownership interest 2020 %	2019 %	Principal activities
Indirect subsidiaries (cont'd)			
Subsidiary of Privanet Sdn. Bhd.			
Privatel Sdn. Bhd.	95	95	Provision of network engineering services
Subsidiary of Privatel Sdn. Bhd.			
Privatel (Singapore) Pte. Ltd ^	95	95	Provision of network engineering services
Subsidiary of Privarail Sdn. Bhd.			
Privasia IOT Sdn. Bhd.	80	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. RM	Privatel Sdn. Bhd. RM	Privatel (Singapore) Pte. Ltd. RM	Privarail Sdn. Bhd. RM	Privasia IOT Sdn. Bhd. RM	Finanshere Sdn. Bhd. RM	Total RM
2020								
NCI percentage of ownership	30%	0%	5%	5%	20%	20%	40%	
Carrying amount of NCI	(512,149)	–	(27,269)	(29,080)	29,566	(88,986)	(13,140)	(641,058)
Loss allocated to NCI	(565)	–	(62,779)	(716)	(2,989)	(57,607)	(13,180)	(137,836)
2019								
NCI percentage of ownership	30%	0%	5%	5%	20%	20%	0%	
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)

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	Privatel Sdn. Bhd. RM	Privatel (Singapore) Pte. Ltd. RM	Privarail Sdn. Bhd. RM	Privasia IOT Sdn. Bhd. RM	Finanshere Sdn. Bhd. RM
2020						
Summarised statements of financial position						
Non-current assets	20	291,895	1,206	2	10,043	–
Current assets	2,940,177	6,445,448	23,280	153,245	173,456	100
Non-current liabilities	–	(6,450)	–	–	–	–
Current liabilities	(4,647,362)	(3,409,034)	(606,084)	(5,413)	(1,069,565)	(32,951)
Net (liabilities)/assets	(1,707,165)	3,321,859	(581,598)	147,834	(886,066)	(32,851)
Summarised statements of comprehensive income						
Revenue	325,258	6,118,353	46,264	–	1,754,326	–
Loss for the financial year	(1,884)	(1,255,573)	(12,181)	(14,944)	(288,037)	(32,951)
Total comprehensive loss	(1,884)	(1,255,573)	(14,312)	(14,944)	(288,037)	(32,951)
Summarised cash flow information						
Net cash from/(used in) operating activities	11,672	(435,187)	119,994	(13,903)	204,931	(32,991)
Net cash (used in)/from investing activities	–	544,640	–	(36,997)	(5,428)	–
Net cash from/(used in) financing activities	5,755	987,192	(127,691)	475	(234,968)	33,051
Net increase/(decrease) in cash and cash equivalents	17,427	1,096,645	(7,697)	(50,425)	(35,465)	60

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. RM	Privatel Sdn. Bhd. RM	Privatel (Singapore) Pte. Ltd. RM	Privarail Sdn. Bhd. RM	Privasia IOT 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 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)

(f) Acquisition of additional interest in subsidiaries

The Company

2020

(i) On 12 October 2020, the Company acquired 300,000 ordinary shares representing 100% of issued and paid up capital of Privaports Sdn Bhd ("Privaports") by way of capitalising the amount owing by the subsidiary, Privaports amounting to RM300,000. The Company's effective ownership in Privaports remained the same as a result of the additional shares purchased.

(ii) On 10 December 2020, the Company acquired a 60% owned equity shares of Finanshere Sdn. Bhd. for a cash consideration of RM60. The remaining 40% equity interest are held by a corporation.

2019

(i) On 24 May 2019, the Company acquired 80,000 ordinary shares representing 40% of issued and paid up capital of Privaports 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

8. INVESTMENT IN SUBSIDIARIES (cont'd)

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

The Company (cont'd)

2019 (cont'd)

(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

(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 ("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. in previous financial year

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. ("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%.

9. INVESTMENT IN ASSOCIATES

	Group	
	2020 RM	2019 RM
Unquoted shares, at cost	30	30
Additional during the year	68,750	–
	68,780	30
Share of post acquisition reserves	(30)	(30)
	68,750	–

9. INVESTMENT IN ASSOCIATES (cont'd)

(a) There is no quoted market price available for the associates as this is a private company.

(b) Details of the associates, which is incorporated in Malaysia is as follows:

Name of Company	Ownership interest 2020	2019	Principal activities
Infocrats Sdn. Bhd.	30%	30%	Provision of systems development in computer software solutions and packages.
Mapri Sdn. Bhd.*	25%	–	Provision of satellite services in oil and gas market

* The financial position and financial result of the associate is immaterial.

On 27 October 2020, the Company acquired 68,750 ordinary shares representing 25% of issued and paid up capital of Mapri Sdn. Bhd. for a cash consideration of RM68,750.

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

	2020 RM	2019 RM
Infocrats Sdn. Bhd.		
Liabilities		
Current liabilities	53,093	41,606
Net liabilities	53,093	41,606
Results		
Loss for the financial year, representing total comprehensive loss for the financial year	(11,487)	(5,470)

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

	2020 RM	2019 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	(3,446)	(1,641)

9. INVESTMENT IN ASSOCIATES (cont'd)

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

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 RM3,446 (2019: RM1,641) from its financial statements.

As at 31 December 2020, the cumulative unrecognised share of losses of the associate is RM12,800 (2019: RM9,354).

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2020 RM	**2019 RM**
At 1 January	(742,220)	(1,211,200)
Recognised in profit or loss (Note 21)	(61,708)	468,980
At 31 December	(803,928)	(742,220)

Presented after appropriate offsetting as follows:

	Group	
	2020 RM	**2019 RM**
Deferred tax assets	300,000	300,000
Deferred tax liabilities	(1,103,928)	(1,042,220)
	(803,928)	(742,220)

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

	Group	
	2020 RM	**2019 RM**
Deferred tax assets		
Unutilised tax losses	300,000	300,000
Deferred tax liabilities		
Differences between carrying amounts of property, plant and equipment and their tax base	(1,103,928)	(1,042,220)
	(803,928)	(742,220)

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

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		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Unutilised tax losses	44,014,900	39,442,931	1,399,031	1,312,332
Unabsorbed capital allowances	7,727,742	7,150,550	–	–
	51,742,642	46,593,481	1,399,031	1,312,332

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	
	2020 RM	**2019 RM**
At cost		
Finished goods	469,350	1,076,737

During the financial year, inventories of the Group recognised as cost of sales amounted to RM299,755 (2019: RM124,875). In addition, the amounts recognised in the cost of sales including the following:

	Group	
	2020 RM	**2019 RM**
Inventories written down	–	84,396
Inventories written off	2,457	216
	2,457	84,612
Reversal of inventories written down	(1,350)	–

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current					
Trade					
Trade receivables					
- Third parties		10,888,560	13,732,097	–	–
- Subsidiaries		–	–	8,973,523	9,246,588
		10,888,560	13,732,097	8,973,523	9,246,588
Less: Impairment losses for					
- Third parties		(3,855,066)	(5,229,269)	–	–
- Subsidiaries		–	–	(337,948)	(292,713)
		(3,855,066)	(5,229,269)	(337,948)	(292,713)
Total trade receivables	(a)	7,033,494	8,502,828	8,635,575	8,953,875
Non-trade					
Amounts owing by subsidiaries	(b)	–	–	6,215,990	5,941,307
Amounts owing by an associate	(b)	49,802	–	–	–
Other receivables	(c)	859,691	1,258,735	–	1,723
Deposits		1,367,990	645,347	2,000	2,000
Prepayments		975,477	1,575,980	1,000	–
		3,252,960	3,480,062	6,218,990	5,945,030
Less: Impairment losses for					
- Other receivables	(d)	(8,000)	(8,000)	–	–
- Subsidiaries	(d)	–	–	(5,068,302)	(4,561,710)
- An associate	(d)	(49,802)	–	–	–
		(57,802)	(8,000)	(5,068,302)	(4,561,710)
Total other receivables		3,195,158	3,472,062	1,150,688	1,383,320
Total trade and other receivables		10,228,652	11,974,890	9,786,263	10,337,195

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

	Group 2020 RM	Group 2019 RM
United States Dollar	23,245	–
Singapore Dollar	–	265,956
	23,245	265,956

12. TRADE AND OTHER RECEIVABLES (cont'd)

(a) The Group's and the Company's normal trade credit term extended to customers ranging from 7 to 90 days (2019: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

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		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
At 1 January	5,229,269	6,276,318	292,713	356,988
Charge for the financial year - Individually assessed	58,017	272,193	45,235	–
Reversal of impairment losses	(1,432,220)	(1,319,242)	–	(64,275)
At 31 December	3,855,066	5,229,269	337,948	292,713

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 26(i).

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

(c) In the previous financial year, included in the other receivables of the Group is an amount of RM139 owing from a company in which certain directors have interests.

(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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
At 1 January	8,000	8,000	4,561,710	4,561,710
Charge for the financial year - Individually assessed	49,802	–	596,984	–
Reversal of impairment losses	–	–	(90,392)	–
At 31 December	57,802	8,000	5,068,302	4,561,710

13. CONTRACT ASSETS/(LIABILITIES)

	Group 2020 RM	Group 2019 RM Restated
Contract assets relating to services contract	4,920,396	4,697,862
Contract liabilities relating to services contract	(556,302)	(851,571)

(a) Significant changes in contract balances

	2020 Contract assets increase/ (decrease) RM	2020 Contract liabilities increase/ (decrease) RM	2019 Contract assets increase/ (decrease) RM Restated	2019 Contract liabilities increase/ (decrease) RM Restated
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	851,571	–	–
Increase due to cash received, excluding amount recognised as revenue during the period	–	(556,302)	–	(851,571)
Increase due to revenue recognised for unbilled goods or services transferred to customers	4,920,396	–	4,697,862	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,697,862)	–	(4,876,140)	–

(b) Revenue recognised in relation to contract balances

	Group 2020 RM	Group 2019 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	851,571	–

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily revenue from the sale of contracts when percentage of completion increases.

14. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash and bank balances	3,777,325	1,216,437	81,006	15,059
Deposits with licensed banks	12,456,041	5,620,796	1,300,000	–
Cash and cash equivalents as reported in the statements of financial position	16,233,366	6,837,233	1,381,006	15,059
Less: - Bank overdrafts (Note 16)	(1,824,467)	(3,550,511)	–	–
- Deposits pledged as security	(3,298,003)	(5,355,545)	–	–
- Deposits placed with licensed banks with maturity period more than 3 months	(146,023)	(142,178)	–	–
Cash and cash equivalents as reported in the statements of cash flows	10,964,873	(2,211,001)	1,381,006	15,059

Deposits with licensed banks of the Group and bear interests at rates ranging from 1.30% to 3.10% (2019: 2.95% to 3.10%) per annum with maturity period ranging from 1 month to 12 months.

Included in the deposits with licensed banks of the Group is an amount of RM3,298,003 (2019: RM5,355,545) pledged as security for bank overdrafts and trade financing granted to subsidiaries as disclosed in Note 16.

15. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amounts	
	2020 Unit	**2019 Unit**	**2020 RM**	**2019 RM**
Issued and fully paid:				
At 1 January	558,200,020	558,200,020	55,820,002	55,820,002
Issued during the financial year	55,820,000	–	6,810,040	–
At 31 December	614,020,020	558,200,020	62,630,042	55,820,002

15. SHARE CAPITAL (cont'd)

During the financial year, the Company issued 27,910,000 new ordinary shares at a price of RM0.123 per ordinary share for a total cash consideration of RM3,432,930 via first tranche of private placement. Subsequently, at second tranche of private placement, the Company issued 27,910,000 new ordinary shares at a price of RM0.121 per ordinary share for a total cash consideration of RM3,377,110.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

16. LOANS AND BORROWINGS

		Group	
	Note	2020 RM	2019 RM
Non-current:			
Term loan I	(a)	–	1,702,389
Term loan II	(a)	7,321,615	7,583,348
Term loan III	(a)	1,231,533	558,688
Lease liabilities	(b)	73,789	1,131,233
		8,626,937	10,975,658
Current:			
Term loan I	(a)	2,460,238	2,109,468
Term loan II	(a)	586,099	513,414
Term loan III	(a)	716,311	1,527,199
Lease liabilities	(b)	1,072,043	2,005,461
Trade facilities	(c)	1,407,924	887,942
Bank overdrafts	(c)	1,824,467	3,550,511
		8,067,082	10,593,995
Total loans and borrowings:			
Term loans	(a)	12,315,796	13,994,506
Lease liabilities	(b)	1,145,832	3,136,694
Trade facilities	(c)	1,407,924	887,942
Bank overdrafts	(c)	1,824,467	3,550,511
		16,694,019	21,569,653

16. LOANS AND BORROWINGS (cont'd)

(a) Term loans

Term loans I, II and III of a subsidiary bear interest at rates of 4.30%, 3.80% and 4.40% (2019: 5.37%, 4.98% and 5.47%) 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 III require the subsidiary to maintain a debt to equity ratio of not exceeding 1.25.

(b) Lease Liabilities

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

	Group	
	2020 RM	**2019 RM**
Minimum lease payments		
Not later than one year	1,091,760	2,090,299
Later than one year and not later than 5 years	75,590	1,158,519
	1,167,350	3,248,818
Less: Future finance charges	(21,518)	(112,124)
Present value of minimum lease payments	1,145,832	3,136,694

	Group	
	2020 RM	**2019 RM**
Present value of minimum lease payments		
Not later than one year	1,072,043	2,005,461
Later than one year and not later than 5 years	73,789	1,131,233
	1,145,832	3,136,694
Less: Amount due within 12 months	(1,072,043)	(2,005,461)
Amount due after 12 months	73,789	1,131,233

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% (2019: 3.83% to 7.68%) per annum.

16. LOANS AND BORROWINGS (cont'd)

(c) Bank overdrafts and trade facilities

The bank overdrafts and trade facilities 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.

17. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade					
Trade payables					
Third parties	(a)	4,036,000	5,445,228	–	–
Non-trade					
Other payables					
Third parties		1,332,859	1,441,691	32,347	155,174
GST payable		51,897	53,980	–	–
Amounts owing to subsidiaries	(b)	–	–	33,566,511	33,220,437
Amounts owing to an associate	(b)	68,750	–	–	–
Deposits and accruals		6,933,288	3,566,099	96,000	75,546
		8,386,794	5,061,770	33,694,858	33,451,157
Total trade and other payables		12,422,794	10,506,998	33,694,858	33,451,157

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

	Group 2020 RM	Group 2019 RM
United States Dollar	3,617,403	873,283
Singapore Dollar	16,300	149,906
	3,633,703	1,023,189

(a) The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 60 days (2019: 30 to 60 days).

17. TRADE AND OTHER PAYABLES (cont'd)

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

18. REVENUE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Timing of revenue recognition:				
At a point in time				
Sales of goods	3,595,415	123,291	–	–
Over time				
Information technology services	29,529,267	29,277,328	–	–
Information communication technology services	6,154,717	6,986,328	–	–
Management fees	–	–	4,056,827	3,651,988
Satellite-based network services	2,273,849	2,341,668	–	–
Other source				
Dividend income	–	–	2,000,000	–
	41,553,248	38,728,615	6,056,827	3,651,988

19. LOSS BEFORE TAX

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Amortisation of intangible assets	659,683	874,825	–	–
Auditors' remuneration:				
- statutory audit	177,211	179,175	48,000	48,000
- non-statutory audit fees	64,600	64,600	64,600	64,600
Bad debts written off	1,148,439	546,915	–	–
Deposit written off	–	82,900	–	–
Depreciation of investment property	26,596	26,596	–	–
Depreciation of property, plant and equipment	7,208,655	7,298,574	1,583	791
Employee benefits expense (Note 20)	13,510,721	15,213,962	4,157,924	3,720,784
Gain on disposal of property, plant and equipment	(1,814)	(49,938)	–	–
Impairment loss on:				
- trade receivables	58,017	272,193	–	–

19. LOSS BEFORE TAX (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment loss on: (cont'd)				
- amount owing by subsidiaries (trade)	–	–	45,235	–
- amount owing by subsidiaries (non-trade)	–	–	596,984	–
- amount owing by an associate (non-trade)	49,802	–	–	–
- investment in subsidiaries	–	–	15,150,000	3,613,179
- quasi loan	–	–	13,997,194	18,314,588
- goodwill	3,328,000	468,996	–	–
Intangibles assets written off	3,573	–	–	–
Interest expenses:				
- trade facilities and bank overdrafts	262,667	457,727	–	–
- lease liabilties	90,594	169,209	–	–
- term loans	609,416	771,452	–	–
Interest income	(181,448)	(219,485)	(4,827)	–
Inventories written down	–	84,396	–	–
Inventories written off	2,457	216	–	–
Loss/(Gain) on foreign exchange				
- realised	45,210	37,433	–	–
- unrealised	(11,588)	43,998	–	–
Property, plant and equipment written off	33,881	72,340	–	–
Rental expenses	17,998	20,568	–	–
Rental income	(79,970)	(212,184)	–	–
Reversal of impairment loss				
- trade receivables	(1,432,220)	(1,319,242)	–	–
- other receivables	–	–	(90,392)	–
Reversal of inventory written down	(1,350)	–	–	–

20. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries and wages	9,333,436	10,287,538	3,187,729	2,832,777
Defined contribution plan	925,310	1,091,550	394,471	346,018
Other staff related expenses	950,520	1,386,006	273,724	195,489
Directors' remuneration (Note (i))	2,301,455	2,448,868	302,000	346,500
	13,510,721	15,213,962	4,157,924	3,720,784

20. 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Directors of the Company				
- fees	270,500	312,000	270,500	312,000
- other emoluments	1,289,339	1,289,339	31,500	34,500
	1,559,839	1,601,339	302,000	346,500
Directors of the subsidiaries				
- fees	14,400	48,560	–	–
- fees waived/reversed	(18,448)	–	–	–
- other emoluments	745,664	798,969	–	–
	741,616	847,529	–	–
Total directors' remuneration	2,301,455	2,448,868	302,000	346,500

21. INCOME TAX EXPENSE

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Current income tax:				
Based on results of the financial year	1,304,086	910,871	–	–
Under provision in prior financial years	58,510	342,835	–	–
	1,362,596	1,253,706	–	–
Deferred tax: (Note 10)				
Origination of temporary differences	(651,247)	(667,971)	–	–
Under provision in prior financial years	712,955	198,991	–	–
	61,708	(468,980)	–	–
Income tax expense recognised in profit or loss	1,424,304	784,726	–	–

21. INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable loss 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Loss before tax	(5,025,364)	(4,456,962)	(28,297,665)	(22,450,730)
Tax at Malaysian statutory income tax rate of 24% (2019: 24%)	(1,206,087)	(1,069,671)	(6,791,440)	(5,388,175)
Income not subject to tax	(1,129,159)	(221,651)	(480,000)	–
Non-deductible expenses	1,752,286	126,195	7,250,632	5,333,994
Origination of deferred tax not recognised	1,235,799	1,408,027	20,808	54,181
Under provision in prior financial year				
- current tax	58,510	342,835	–	–
- deferred tax	712,955	198,991	–	–
Income tax expense recognised in profit or loss	1,424,304	784,726	–	–

22. 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	
	2020 RM	**2019 RM**
Loss for the financial year attributable to owners of the Company	(6,311,832)	(4,661,184)
Weighted average number of ordinary shares for basic loss per share computation	614,020,020	558,200,020
Basic/Diluted loss per ordinary share (sen)	(1.03)	(0.84)

(b) The diluted loss per share of the Group for the financial years ended 31 December 2020 and 31 December 2019 are the same as the basic loss per share of the Group as the Group has no dilutive potential ordinary shares.

23. 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.

Segment assets and liabilities

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

23. SEGMENT INFORMATION (cont'd)

2020	Note	IT RM	ICT RM	SAT RM	Investment holding RM	Adjustments and eliminations RM	Total RM
Revenue:							
Revenue from external customers	(a)	32,801,730	6,477,669	2,273,849	–	–	41,553,248
Inter-segment revenue		1,916,128	12,206	116,850	6,056,827	(8,102,011)	–
Total revenue		34,717,858	6,489,875	2,390,699	6,056,827	(8,102,011)	41,553,248
Results:							
Included in the measure of segment profit/(loss) are:							
Amortisation of intangible assets		631,221	706	27,756	–	–	659,683
Bad debts written off		–	256,977	6,360	–	885,102	1,148,439
Depreciation of investment property		26,596	–	–	–	–	26,596
Depreciation of property, plant and equipment		5,858,137	336,802	1,122,808	1,583	(110,675)	7,208,655
Employee benefits expense		9,786,725	2,822,772	599,224	302,000	–	13,510,721
Gain on disposal of property, plant and equipment		(1,401)	–	(413)	–	–	(1,814)
Impairment loss on goodwill		–	–	–	–	3,328,000	3,328,000
Impairment loss on trade and other receivables		8,132	54,221	58,017	642,219	(654,770)	107,819
Impairment loss on investment in subsidiaries		–	–	–	15,150,000	(15,150,000)	–
Impairment loss on quasi loan		–	–	–	13,997,194	(13,997,194)	–
Interest expense		801,801	122,409	47,841	–	(9,374)	962,677
Interest income		(154,815)	(14,199)	(7,607)	(4,827)	–	(181,448)
Inventories written off		1,835	622	–	–	–	2,457
Property, plant and equipment written off		33,879	2	–	–	–	33,881
Rental expenses		6,900	9,718	1,380	–	–	17,998
Rental income		(199,668)	–	–	–	119,698	(79,970)
Reversal of impairment loss on trade receivables		(38,133)	(285,134)	(223,851)	–	(885,102)	(1,432,220)
Reversal of impairment loss on other receivables		–	(16,370)	–	(90,392)	106,762	–
Reversal of inventories written off		–	(1,350)	–	–	–	(1,350)
Segment profit/(loss)		3,385,889	(1,639,385)	(2,808,806)	(28,297,665)	24,334,603	(5,025,364)
Income tax expense		(1,435,279)	10,975	–	–	–	(1,424,304)
Profit/(Loss) for the financial year		1,950,610	(1,628,410)	(2,808,806)	(28,297,665)	24,334,603	(6,449,668)

23. SEGMENT INFORMATION (cont'd)

2020 (cont'd)	Note	IT RM	ICT RM	SAT RM	Investment holding RM	Adjustments and eliminations RM	Total RM
Segment assets		84,245,048	14,600,249	2,826,672	54,057,674	(62,257,430)	93,472,213
Segment liabilities		34,934,337	11,834,045	3,813,143	33,694,858	(53,076,030)	31,200,353

2019	Note	IT RM	ICT RM	SAT RM	Investment holding RM	Adjustments and eliminations RM	Total RM
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

23. SEGMENT INFORMATION (cont'd)

2019 (cont'd)	Note	IT RM	ICT RM	SAT RM	Investment holding RM	Adjustments and eliminations RM	Total RM
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 goodwill		–	–	–	–	468,996	468,996
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

23. 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
	2020 RM	**2019 RM**	
Customer A	27,465,929	26,733,285	IT
Customer B	–	4,263,029	ICT

24. 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) Associates;
(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	
	2020 RM	**2019 RM**
Subsidiaries		
Dividend income received	(2,000,000)	–
Management fee received/receivable	(4,056,827)	(3,651,988)
Secondment fee paid/payable	3,855,924	3,374,284

(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.

24. RELATED PARTIES (cont'd)

(c) Compensation of key management personnel (cont'd)

The remuneration of the key management personnel is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short-term employee benefits	2,301,455	2,448,868	302,000	346,500

25. 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 2020		
Financial assets		
Group		
Trade and other receivables, net of prepayments	9,253,175	9,253,175
Deposits, cash and bank balances	16,233,366	16,233,366
	25,486,541	25,486,541
Company		
Trade and other receivables	9,785,263	9,785,263
Deposits, cash and bank balances	1,381,006	1,381,006
	11,166,269	11,166,269
Financial liabilities		
Group		
Loans and borrowings	(16,694,019)	(16,694,019)
Trade and other payables, net of GST payable	(12,370,897)	(12,370,897)
	(29,064,916)	(29,064,916)
Company		
Trade and other payables	(33,694,858)	(33,694,858)

25. 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 2019		
Financial assets		
Group		
Trade and other receivables, net of prepayments	10,398,910	10,398,910
Deposits, cash and bank balances	6,837,233	6,837,233
	17,236,143	17,236,143
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
Financial liabilities		
Group		
Loans and borrowings	(21,569,653)	(21,569,653)
Trade and other payables, net of GST payable	(10,453,018)	(10,453,018)
	(32,022,671)	(32,022,671)
Company		
Trade and other payables	(33,451,157)	(33,451,157)

(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 2020 and 31 December 2019.

26. 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.

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. 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, 59% (2019: 42%) of the Group's trade receivables was due from three (2019: three) 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.

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

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The information about the credit risk exposure on the Group's and Company's trade receivables and contract assets 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 2020				
Contract assets	0%	4,920,396	–	4,920,396
Trade receivables				
Current	0%	2,751,258	–	2,751,258
1 to 30 days past due	0%	1,226,599	–	1,226,599
31 to 60 days past due	0%	618,408	–	618,408
61 to 90 days past due	0%	1,244,558	–	1,244,558
More than 91 days past due	0%	1,192,671	–	1,192,671
Credit impaired				
Individually impaired		3,855,066	3,855,066	–
		10,888,560	3,855,066	7,033,494
		15,808,956	3,855,066	11,953,890
At 31 December 2019				
Contract assets	0%	4,697,862	–	4,697,862
Trade receivables				
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
		18,429,959	5,229,269	13,200,690

26. 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 2020				
Current	0%	471,474	–	471,474
1 to 30 days past due	0%	283,479	–	283,479
31 to 60 days past due	0%	285,906	–	285,906
61 to 90 days past due	0%	1,252,726	–	1,252,726
More than 91 days past due	0%	6,341,990	–	6,341,990
Credit impaired				
Individually impaired		337,948	337,948	–
		8,973,523	337,948	8,635,575
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

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), 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.

26. 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. The following indicators are incorporated, amongst others:

- 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 3.12(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 RM13,723,720 (2019: RM14,882,448) 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.

26. 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:

	Carrying amount RM	← Contractual cash flows: On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM →
Group					
2020					
Trade and other payables, net of GST payable	12,370,897	12,370,897	–	–	12,370,897
Loans and borrowings	16,694,019	9,779,122	4,074,589	5,134,931	18,988,642
	29,064,916	22,150,019	4,074,589	5,134,931	31,359,539
2019					
Trade and other payables, net of GST payable	10,453,018	10,453,018	–	–	10,453,018
Loans and borrowings	21,569,653	11,302,210	7,226,940	5,962,358	24,491,508
	32,022,671	21,755,228	7,226,940	5,962,358	34,944,526
Company					
2020					
Trade and other payables	33,694,858	33,694,858	–	–	33,694,858
Financial guarantee contracts *	–	13,723,720	–	–	13,723,720
Bank overdrafts	1,824,467	1,824,467	–	–	1,824,467
	35,519,325	49,243,045	–	–	49,243,045
2019					
Trade and other payables	33,451,157	33,451,157	–	–	33,451,157
Financial guarantee contracts *	–	14,882,448	–	–	14,882,448
Bank overdrafts	3,550,511	3,550,511	–	–	3,550,511
	37,001,668	51,884,116	–	–	51,884,116

* 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.

26. 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	
	2020 RM	**2019 RM**
Trade receivables		
United States Dollar ("USD")	13,739	–
Singapore Dollar ("SGD")	–	265,500
	13,739	265,500
Other receivables		
United States Dollar ("USD")	9,506	–
Singapore Dollar ("SGD")	–	456
	9,506	456
Trade payables		
United States Dollar ("USD")	(817,378)	(873,283)
Singapore Dollar ("SGD")	–	(39,312)
	(817,378)	(912,595)
Other payables		
United States Dollar ("USD")	(16,300)	–
Singapore Dollar ("SGD")	(2,800,025)	(110,594)
	(2,816,325)	(110,594)

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.

26. 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
2020		
- USD	+10%	(61,077)
	-10%	61,077
- SGD	+10%	(212,802)
	-10%	212,802
2019		
- USD	+10%	(66,370)
	-10%	66,370
- SGD	+10%	8,820
	-10%	(8,820)

(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 outweighs 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 2020	+50	(46,800)
	-50	46,800
31 December 2019	+50	(53,179)
	-50	53,179

27. OPERATING LEASES

(a) 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 2020 RM	Group 2019 RM
Not more than one year	111,500	212,184
Later than one year and not later than five years	93,500	194,184
	205,000	406,368

28. 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			
31 December 2019			
Statement of comprehensive income			
Cost of sales	27,515,560	322,822	27,838,382
Other expenses	15,432,256	(322,822)	15,109,434
Statement of financial position			
Current assets			
Trade and other receivables	16,672,752	(4,697,862)	11,974,890
Contract assets	–	4,697,862	4,697,862
Current liabilities			
Trade and other payables	(11,358,569)	851,571	(10,506,998)
Contract liabilities	–	(851,571)	(851,571)

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2020 and 31 December 2019.

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 2020 and 31 December 2019 are as follows:

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Loans and borrowings	16	16,694,019	21,569,653	–	–
Less:					
Deposits, cash and bank balances	14	(16,233,366)	(6,837,233)	(1,381,006)	(15,059)
Net debts		460,653	14,732,420	(1,381,006)	(15,059)
Total equity		62,271,860	61,913,579	20,362,816	41,850,441
Total net debt plus equity		62,732,513	76,645,999	18,981,810	41,835,382
Gearing ratio		1%	19%	*	*

* 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 2020 and 31 December 2019.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of 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, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2020.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(b) Private placement

On 9 September 2020, the Company proposed to undertake the private placement of up to 55,820,000 new ordinary shares representing approximately 10% of the total number of issued shares of the Company. During the financial year, the Company issued 27,910,000 new ordinary shares at a price of RM0.123 per ordinary share for a total cash consideration of RM3,432,930 via first tranche of private placement. Subsequently, at second tranche of private placement, the Company issued 27,910,000 new ordinary shares at a price of RM0.121 per ordinary share for a total cash consideration of RM3,377,110.

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

(a) On 16 February 2021, Privanet Sdn Bhd, a wholly-owned subsidiary had entered into a Shareholders' Agreement with Ng Sau Foong and Mr Mohamad Firhan Bin Mohd Basheer for the purpose of regulating the relationship between the shareholders in Strategos Advisory Sdn Bhd ("SASB") upon the acquisition of 600 ordinary shares, representing 60% of the total issued share capital of SASB, for a total consideration of RM1.

(b) The Group through its fintech subsidiary Finanshere Sdn Bhd, has successfully completed the development of FinansHere, a Shariah compliant Supply Chain Financing platform that integrates ProcureHere's source-to-pay function. ProcureHere is the Group's existing digital procurement platform. This value add extension will undoubtedly provide an automated invoice financing environment from its process application to its financing settlement. FinansHere leverages on Group's sturdy corporate clientele as their solid credit profile will reduce and facilitate the financing cost to Small and Medium Enterprises. FinansHere was launched on 13 April 2021.

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 69 to 153 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 2020 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: 12 May 2021

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 69 to 153 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 12 May 2021.

Before me,

INDEPENDENT AUDITORS' REPORT

To the members of Privasia Technology Berhad

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 2020 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 69 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. 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.

<u>Group</u>

Goodwill and intangible assets (Note 7 to the financial statements)

The Group has significant goodwill and intangible assets. We focused on this area because this assessment of goodwill and intangible assets require 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:

- discussing the appropriateness of the methodology and method adopted by the Group in measuring the recoverable amount;
- comparing the actual results with previous budget to assess the performance of the business and reliability of forecasting process;
- discussing the Group's assumptions 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.

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 2020 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:

- discussing the design and assessing the implementation of controls associated with monitoring and impairment assessment of trade 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;
- checking subsequent receipts, customer correspondence, and explanation on recoverability of significantly past due balances; and
- checking the calculation of expected credit losses as at the end of the reporting period.

Company

Investment in subsidiaries (Notes 8 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.

We focused on this area because the directors' assessment of the recoverable amount involved significant judgement. The recoverable amounts of investment in 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 test their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
To the members of Privasia Technology Berhad (cont'd)

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

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

Ng Boon Hiang
No. 02916/03/2022 J
Chartered Accountant

Kuala Lumpur

Date: 12 May 2021

ANALYSIS OF SHAREHOLDING
As At 30 April 2021

Issued Share Capital	:	614,020,020 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

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	0.65	717	0.00
100 – 1,000	261	7.36	148,083	0.02
1,001 – 10,000	1,097	30.94	7,279,100	1.19
10,001 – 100,000	1,750	49.37	71,488,200	11.64
100,001 - 30,701,000 *	411	11.60	307,381,900	50.06
30,701,001 and above **	3	0.08	227,722,020	37.09
TOTAL	**3,545**	**100.00**	**614,020,020**	**100.00**

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

List of Substantial Shareholders (5% and above)

		Direct Interest		Indirect Interest	
No.	**Names of Substantial Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	*Puvanesan A/L Subenthiran _Share held through:-_ Individual Account *Maybank Securities Nominees (Tempatan) Sdn. Bhd.*	 15,581,400 1,027,800 16,609,200	 2.53 0.17 2.70	150,885,720	24.57
2	**Andre Anthony A/L Hubert Rene	8,674,700	1.41	156,549,520	25.50
3	Anyotech Sdn. Bhd.	79,713,220	12.98	–	–
4	Radiant Principles Sdn. Bhd.	76,836,300	12.51	–	–
5	Pancarthiran Sdn. Bhd.	71,172,500	11.59	–	–
6	***Dato' Rozabil @ Rozamujib Bin Abdul Rahman Share held through Maybank Nominees (Tempatan) Sdn. Bhd.	27,910,000	4.55	4,438,200	0.72

ANALYSIS OF SHAREHOLDING

As At 30 April 2021
(cont'd)

Directors' Shareholding
(According to the Register of Directors' Shareholdings)

		SHAREHOLDINGS			
No.	**Names of Directors**	**Direct**	**%**	**Indirect**	**%**
1	*PUVANESAN A/L SUBENTHIRAN Share held through:- Individual Account *Maybank Securities Nominees (Tempatan) Sdn. Bhd.*	 15,581,400 1,027,800 16,609,200	 2.53 0.17 2.70	150,885,720	24.57
2	**ANDRE ANTHONY A/L HUBERT RENE	8,674,700	1.41	156,549,520	25.50
3	DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI	11,900,000	1.94	–	–
4	HAIDA SHENNY BINTI HAZRI	838,000	0.14	–	–
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.

*** Deemed interested by virtue of his interest in Zaleeha Capital Sdn Bhd (FKA Mazer Sdn Bhd)

List of Thirty (30) Largest Securities Account Holders
(According to the Record of Depositors)

No	Names	Shareholdings	%
1.	Anyotech Sdn. Bhd.	79,713,220	12.98
2.	Radiant Principles Sdn. Bhd.	76,836,300	12.51
3.	Pancarthiran Sdn. Bhd.	71,172,500	11.59
4.	Lavin Group Sdn. Bhd.	27,910,000	4.55
5.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Rozabil @ Rozamujib Bin Abdul Rahman*	27,910,000	4.55
6.	Puvanesan a/l Subenthiran	15,581,400	2.54
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yeow Kim (MG0000137)	12,815,300	2.09
8.	Dato' Mohamed Sharil Bin Mohamed Tarmizi	11,900,000	1.94
9.	Kenanga Nominees (Asing) Sdn. Bhd. *exempt an for Guotai Junan Securities (Hong Kong) Limited (Client Account)*	11,366,400	1.85
10.	Leong Yeng Kit	9,721,600	1.58
11.	Andre Anthony a/l Hubert Rene	8,674,700	1.41
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Rakuten Trade Sdn. Bhd. for Lee Siew Lin*	8,500,000	1.38
13.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Doh Tee Leong (E-Tai/STW)*	6,030,800	0.98
14.	AmBank (M) Berhad *Pledged Securities Account for Datuk Ali Bin Abdul Kadir (SMART)*	5,000,000	0.81
15.	Zaleeha Capital Sdn Bhd	4,438,200	0.72
16.	Siti Asmawiyah Binti Romli	4,300,000	0.70
17.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teh Boon Chiew*	3,137,300	0.51
18.	Sim Yi Chian	3,100,000	0.50
19.	Firmansyah Aang Bin Muhamad	2,846,900	0.46
20.	Shaiful Zahrin Bin Subhan	2,846,900	0.46
21.	Ong Yew Beng	2,700,000	0.44
22.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Doh Tee Leong*	2,593,000	0.42
23.	Heng Yik Wah	2,400,000	0.39
24.	Citigroup Nominees (Asing) Sdn. Bhd. *exempt an for UBS AG Hong Kong (Foreign)*	2,300,000	0.37
25.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siew Ka Wei*	2,250,000	0.37
26.	Teh Aik Sin	2,000,000	0.33
27.	Simon Gerard Stephen	1,708,000	0.28
28.	Rio Capital Sdn. Bhd.	1,666,000	0.27
29.	Affin Hwang Nominees (Asing) Sdn. Bhd. *exempt an for Phillip Securities (Hong Kong) Ltd (Clients' Account)*	1,535,000	0.25
30	Datuk Ali Bin Abdul Kadir	1,525,000	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 31.12.20	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. Strata title held under PN50495, Bangunan M1-C/2/130, Lot 103, Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan.	1st Storey: Retail Lot – Tenanted 2nd -7th Storey: Office Use	1,798 23,508	12	99 years lease expiring on 6 September 2106	12,571,807	28.03.2008

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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 (%)
Email Address		Telephone	
and/or failing him/her			
Email Address		Telephone	

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 Thirteenth Annual General Meeting ("13th AGM") of the Company, which will be conducted on fully virtual basis from **Broadcast Venue** at **12th Floor, Menara Symphony, No 5, Jalan Prof Khoo Kay Khim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** on **Wednesday, 30 June 2021** at **2.30 p.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 Andre Anthony a/l Hubert Rene as Director.		
2.	To re-elect Haida Shenny Binti Hazri as Director.		
3.	To re-elect Dato' Azman Bin Mahmud as Director.		
4.	To re-elect Rachel Lau Jean Mei as Director.		
5.	To re-elect Leong Kah Chern as Director.		
6.	To approve the payment of Directors' fees and benefits from 1 July 2021 until the conclusion of the next AGM of the Company to be held in 2022.		
7.	To approve the payment of Directors' fees and benefits of the Company's subsidiaries for the financial year ended 31 December 2020.		
8.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration		
Special Business			
8.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

Dated this __________ day of _________________, 2021

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

NOTES TO FORM OF PROXY:-

1. The meeting will be conducted on fully virtual basis 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 at https://web.lumiagm.com/. With the RPEV facilities, a shareholder may exercise his/her right to participate and vote at the 13th 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 13th AGM in order to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue is strictly a main venue of the 13th AGM where the Chairman will be present in compliance with Section 327(2) of the Companies Act 2016. No members/proxies from the public will be physically present at the Broadcast Venue on the day of the 13th AGM.
3. For the purpose of determining who shall be entitled to attend the 13th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 23 June 2021. A Depositor whose name appears as such Record of Depositors shall be entitled to attend 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 specifies 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 a 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 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.

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

8. Where a Member is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners under 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, at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or

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

   (iii) Electronic means via Boardroom Smart Investor 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 i.e. latest by 28 June 2021 at 2.30 p.m 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 13th 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.

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AFFIX
STAMP

SHARE REGISTRAR OF
PRIVASIA TECHNOLOGY BERHAD
Registration No. 200801023769 (825092-U)

BOARDROOM SHARE REGISTRAR SDN. BHD.
Ground Floor or 11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

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Fold This Flap For Sealing

PRIVASIA
TECHNOLOGY BERHAD

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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